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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Changan Minsheng APLL Logistics Co., Ltd., you should at once hand this circular and the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**重慶長安民生物流股份有限公司**  
**Changan Minsheng APLL Logistics Co., Ltd. \***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 01292)

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2025  
AND THE MAJOR TRANSACTION REGARDING THE DEPOSIT  
TRANSACTION WITH ZHUANGBEI FINANCE;  
AND  
NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



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A letter from the Board of Changan Minsheng APLL Logistics Co., Ltd. dated 23 January 2025 is set out on pages 5 to 28 of this circular. A letter from the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 29 to 30 of this circular. A letter from Quam Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 31 to 48 of this circular.

The notice for convening the EGM to be held at 10:00 a.m. on 18 February 2025 at the Conference Room, No.1881, Jinkai Road, Yubei District, Chongqing, the PRC is set out on pages 60 to 62 of this circular.

Whether or not you intend to attend the EGM you are requested to complete the relevant proxy form in accordance with the instructions printed thereon and return the same to the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H Shares only) or the office of the Board of the Company at No.1881, Jinkai Road, Yubei District, Chongqing, the PRC (Zip Code: 401122) (for the holders of the Domestic Shares only (in respect of Domestic Shares, including non-H foreign shares)), as soon as possible and in any event not less than 24 hours before the time appointed for holding the relevant meeting (i.e. before 10:00 a.m. on 17 February 2025) or any adjournment thereof. Completion and delivery of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjournment thereof if you so wish.

\* For identification purposes only

23 January 2025

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“APLL”	APL Logistics Ltd.
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“CFCA”	China Financial Certification Authority (中國金融認證中心)
“Changan Automobile”	Chongqing Changan Automobile Co., Ltd. *(重慶長安汽車股份有限公司), a joint stock company established in China on 31 October 1996, the shares of which are listed on the A and B share markets of the Shenzhen Stock Exchange
“Changan Ford”	Changan Ford Automobile Co., Ltd., an associate of Changan Automobile
“Changan Group”	Changan Automobile and its associates and China Changan and its associates
“China Changan”	China Changan Automobile Group Co., Ltd. *(中國長安汽車集團有限公司), a joint stock limited company established in the PRC on 26 December 2005, former name was China South Industries Automobile Corporation (中國南方工業汽車股份有限公司)
“China” or “PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Company”	Changan Minsheng APLL Logistics Co., Ltd.*(重慶長安民生物流股份有限公司)
“CSGC”	China South Industries Group Co., Ltd.*(中國兵器裝備集團有限公司), a company established in the PRC on 1 July 1999 with limited liability
“Deposit”	the deposit maintained by the Group from time to time with Zhuangbei Finance pursuant to the framework agreement between the Company and Zhuangbei Finance
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	the ordinary domestic share(s) (inclusive of non-H foreign Shares) with par value of RMB1.00 each in the registered share capital of the Company

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be convened at the Company’s Conference Room, No.1881, Jinkai Road, Yubei District, Chongqing, the PRC on 18 February 2025 at 10:00 a.m. for purposes of considering and approving, among others, the Non-Exempt Continuing Connected Transactions for 2025 and the major transaction regarding the deposit transaction with Zhuangbei Finance (and the respective caps or the maximum daily balance on the Deposit for 2025)
“Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions”	the framework agreement entered into on 30 October 2023 by the Company with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance, all of such agreements are for a term of three years from 1 January 2024 to 31 December 2026, individually or collectively (as the case may be), as more particularly set out in the paragraph headed “The Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions” in this circular
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	the overseas listed foreign shares of nominal value of RMB1.00 each in the registered capital of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee comprised of Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing, all of whom are independent non-executive directors of the Company, formed to advise the Independent Shareholders in connection with the transactions contemplated under the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025 (and the respective caps or the maximum daily balance on the Deposit for 2025)
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Independent Shareholders”	shareholders of the Company that, in relation to the resolutions approving each of the Non-exempt Continuing Connected Transactions for 2025 contemplated under each of the framework agreements with China Changan, Changan Automobile and Zhuangbei Finance and their respective associates, excludes China Changan and its associates; and in relation to the resolution approving the Non-exempt Continuing Connected Transactions for 2025 contemplated under the framework agreement with Minsheng Industrial and its associates, excludes Minsheng Industrial, Ming Sung (HK) and their respective associates

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## DEFINITIONS

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“Latest Practicable Date”	22 January 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Major Transaction”	the non-exempt continuing connected transaction regarding the deposit transaction with Zhuangbei Finance
Minsheng Industrial”	Minsheng Industrial (Group) Co., Ltd.* (民生實業 (集團) 有限公司), a limited liability company established in China on 10 October 1996
“Ming Sung (HK)”	Ming Sung Industrial Company (Hong Kong) Limited, a company established in Hong Kong with limited liability on 31 May 1949
“NFRA”	National Financial Regulatory Administration, the former China Banking and Insurance Regulatory Commission
“Non-Exempt Continuing Connected Transactions”	the non-exempt continuing connected transactions contemplated under each of the framework agreements as set out in the paragraph headed “The Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions” in this circular
“Non-Exempt Continuing Connected Transactions for 2025”	the continuing connected transactions to be conducted in 2025, as set out under the paragraph headed “Non-Exempt Continuing Connected Transactions for 2025 and the Major Transaction Regarding the Deposit Transaction with Zhuangbei Finance” in this circular, individually or collectively (as the case may be)
“PBOC”	The People’s Bank of China
“percentage ratio(s)”	has the same meaning ascribed thereto under the Listing Rules
“Proposed Cap(s)”	the proposed annual maximum limitation or the maximum daily balance of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the deposit transaction with Zhuangbei Finance, individually or collectively (as the case may be)

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## DEFINITIONS

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“Quam Capital Limited” or “Independent Financial Adviser”	Quam Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), and appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the transactions under the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025 (and the respective caps or the maximum daily balance on the Deposit for 2025), and whether such transactions are in the interests of the Company and its Shareholders as a whole
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration
“Share(s)”	ordinary share(s) of the Company, with a par value of RMB1.00 each
“Shareholder(s)”	shareholder(s) of the Company
“SIAMC”	China South Industries Assets Management Co., Ltd. * (南方工業資產管理有限責任公司), a limited liability company established in China
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	the supervisory committee of the Company
“Zhuangbei Finance”	China South Industries Group Finance Co., Ltd. (formerly Binqi Zhuangbei Group Financial Limited Liability Company)* (兵器裝備集團財務有限責任公司)
“%”	per cent

\* For identification purposes only



重慶長安民生物流股份有限公司

**Changan Minsheng APLL Logistics Co., Ltd. \***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 01292)**

***Executive directors:***

Xie Shikang

Wan Nianyong

***Non-executive directors:***

Che Dexi

Chen Wenbo

Dong Shaojie

***Independent non-executive directors:***

Li Ming

Man Wing Pong

Chen Jing

***Registered Office:***

No. 1881

Jinkai Road

Yubei District

Chongqing

The PRC

***Principal place of business  
in Hong Kong:***

16/F., 144-151

Singga Commercial Centre

Connaught Road West

Hong Kong

*\* For identification purposes only*

23 January 2025

*To the Shareholders*

Dear Sir or Madam,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2025  
AND THE MAJOR TRANSACTION REGARDING THE DEPOSIT  
TRANSACTION WITH ZHUANGBEI FINANCE;  
AND  
NOTICE OF EGM**

**A. INTRODUCTION**

Reference is made to the announcement dated 2 December 2024 in relation to, among other things, the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China

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## LETTER FROM THE BOARD

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Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025 in relation to the deposit transaction with Zhuangbei Finance.

Pursuant to the requirements under the Listing Rules, the Company will seek the Independent Shareholders' approval in relation to the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025 at the EGM.

To comply with the requirements of the Listing Rules, the Independent Board Committee will advise the Independent Shareholders regarding the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025. The letter from the Independent Board Committee to the Independent Shareholders is included in this circular. Quam Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025 and whether such transactions are in the interests of the Company and its Shareholders as a whole. The letter of advice from Quam Capital Limited to the Independent Board Committee and the Independent Shareholders is also included in this circular.

The purposes of this circular are to provide you with:

- (i) further information in relation to the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025;
- (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025; and
- (iii) a letter of advice from Quam Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025.

Shareholders are advised to read this circular carefully for details of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025 (including the Proposed Caps for the Non-Exempt Continuing Connected Transactions for 2025 and the maximum outstanding daily balance on the Deposit for 2025).

## **B. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2025 AND THE MAJOR TRANSACTION REGARDING THE DEPOSIT TRANSACTION WITH ZHUANGBEI FINANCE**

### **1. Introduction**

Reference is made to the announcement dated 30 October 2023 (the “**Announcement**”) and the circular dated 23 January 2024 (the “**Circular**”) of the Company in relation to, among others, the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions entered into by the



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## LETTER FROM THE BOARD

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Company with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance, each for a term of three years commencing on 1 January 2024 and expiring on 31 December 2026 (both days inclusive). The entering into the Framework Agreements for the Non-Exempt Continuing Connected Transactions and the annual caps for 2024 for each of the Non-Exempt Continuing Connected Transactions contemplated thereunder were approved by the Shareholders of the Company at the general meeting held on 19 February 2024.

As mentioned in the Announcement and Circular, the Company sought approval from the Shareholders at the general meeting to approve the annual caps for 2024 in relation to the Non-Exempt Continuing Connected Transactions contemplated under each of the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions. Since the Company would like to provide a more appropriate level of the annual caps for each Non-Exempt Continuing Connected Transactions for each year, the Company will re-comply with the relevant Listing Rules requirements (including setting the annual caps, issuing announcement(s) and obtaining Independent Shareholders' approval) for the Proposed Caps for 2025 and 2026 in relation to each of the Non-Exempt Continuing Connected Transactions contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions.

The cap(s) for 2024 (including the maximum outstanding daily balance on the Deposit for 2024) for the Non-Exempt Continuing Connected Transactions under each of the Framework Agreements for the Non-exempt Continuing Connected Transactions with each of Changan Automobile, China Changan, Minsheng Industrial and their respective associates and Zhuangbei Finance have expired on 31 December 2024. As such, the Company has estimated and will seek for approval by Independent Shareholders at the EGM for the annual cap(s) (including the maximum outstanding daily balance on the Deposit) for the year ending 31 December 2025 in relation to the Non-Exempt Continuing Connected Transactions contemplated under each of the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions. With respect to the Non-Exempt Continuing Connected Transactions for the year ending 31 December 2026 contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, the Company will re-comply with the relevant Listing Rules requirements (including setting the annual cap, issuing announcement(s) and obtaining Independent Shareholders' approval).

Apart from setting the cap for 2025 for each Non-Exempt Continuing Connected Transactions in manner as disclosed in this circular, the Company confirms that there have been no changes to the terms of the Framework Agreements for the Non-Exempt Continuing Connected Transactions nor the categories of the Non-Exempt Continuing Connected Transactions contemplated thereunder.

As at the Latest Practicable Date, China Changan holds approximately 25.44% of the total issued share capital of the Company and 17.98% equity interests in Changan Automobile. In addition, CSGC holds 100% equity interests in China Changan and 14.23% equity interests in Changan Automobile. SIAMC, a wholly-owned subsidiary of CSGC, holds 4.60% equity interests in Changan Automobile. The ultimate shareholder of SIAMC is CSGC. The ultimate beneficial owner of CSGC is the SASAC of the State Council of the PRC. Zhuangbei Finance is a member company of CSGC in that CSGC holds 22.90% equity interests and China Changan holds 13.27% equity interests. The ultimate beneficial owner of Zhuangbei Finance is CSGC. As at the date of the announcement, the Company holds approximately 0.81% equity interests in Zhuangbei Finance. Therefore, according to the Listing Rules, the transactions between the Group and each of China Changan, Changan Automobile, Zhuangbei Finance and their respective associates become connected transactions of the Company.

In addition, Minsheng Industrial is a substantial shareholder of the Company, holding approximately 15.90% of the total issued share capital of the Company, thus Minsheng Industrial and its associates are also connected persons of the Company. The ultimate shareholder of Minsheng Industrial is Chongqing SASAC of the PRC.

## 2. Transactions with Changan Group

Historically, China Changan and its associates have been the Group's major customers. The Non-exempt Continuing Connected Transactions with Changan Automobile and China Changan (the "Changan Group CCT") include:

- (i) provision of logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) to Changan Automobile and its associates, in relation to the whole automobile industrial chain with a main focus on finished vehicle transportation; and
- (ii) provision of logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) to China Changan and its associates, primarily automobile parts transportation.

With respect to the Changan Group CCT, the Group mainly provides inbound logistics, outbound logistics, after-sales logistics, international logistics and distribution processing (mainly tire assembly) to Changan Group.

For logistics industry, the alliance between automobile manufacturers and logistics services providers are common in the PRC market. It is typical that a substantial part of the logistics services will be provided by related entity(ies) within the group of companies. The Group is no exception and Changan Group has been the Group's long-term client. As the Group is primarily engaged in automobile logistics and relies on the automobile production and sales of Changan Group, the fluctuation of Changan Group's automobile production and sales would undoubtedly impact on the business performance of the Group. The Company is fully aware that if Changan Group ceases to use or substantially reduces the use of the Group's logistics services and if the Group is not able to secure new customers with similar sales volume on terms acceptable to the Group, the business scale of the Group will be substantially reduced and the financial performance of the Group will be adversely affected. To mitigate potential risk that may cause to the Group, the Group has adopted the following measures:

- maintain the flexibility in switching the use of distribution centres and/or storage facilities for other independent customers;
- explore full range automobile industry chain businesses by developing wider after-sales logistics and automobile aftermarket logistics. The after-sales logistics and automobile aftermarket logistics services can be provided independently and will not be affected by the business fluctuation of Changan Group; and
- explore emerging businesses in new energy vehicles and used cars in order to reduce the reliance on the business from Changan Group.

In addition, for the past few years, the Group has adopted the general development strategy of "beyond Changan Group and beyond Automobile Industry" which in brief indicates that the Group shall (i) consolidate traditional businesses (i.e. automobile logistics businesses with Changan Group): traditional business is the foothold of the Group's sustainable development. As the revenue derived from transactions with Changan Group still accounts for a substantial portion of the revenue of the Group, the Group would need to first consolidate traditional business to stabilize our primary sources of revenue of the Group; (ii) explore automobile logistics business from non-connected parties: in addition to traditional business, the Group leverages on its automobile logistics strength and extensive network nationwide to explore automobile logistics business from non-connected parties to mitigate

sales fluctuation of Changan Automobile; and (iii) explore non-automobile logistics businesses: given the inherent volatility of the automobile industry, the Company considers it would be in the best interests of the Company and its Shareholders as a whole to diversify and explore revenue stream from other source and from non-connected parties so as to mitigate the uncertainties and risks of having business sources concentrated in a single industry.

Additionally, to maintain a balanced customer portfolio and to mobilize employee enthusiasm in market expansion, the Company has set up a performance-based commission scheme to incentivize and reward those market development personnel. The commission percentage varies depending on the nature and profitability of the business developed with Independent Third Parties. This incentive mechanism is purely based on sales performance and cash and does not involve trading and/or issuance of the Company's Shares. The Company shall from time to time evaluate the achievement of the special working group and the effectiveness of the reward scheme.

With all the efforts, for the three years ended 31 December 2023, the transaction amount with business partners who are Independent Third Parties amounted to RMB1,809,936,000 (audited), RMB2,509,632,129 (audited) and RMB2,388,536,729 (audited), representing approximately 30.06%, 32.51% and 29.97% of the total revenue of the Group, respectively. For the six months ended 30 June 2024, the transaction amount with the Independent Third Parties was RMB1,357,193,510 (unaudited), representing approximately 32.58% of the Group's revenue of the corresponding period. The Group has been making progress in reducing heavy reliance on the business transactions with Changan Group during the past few years.

The Group will remain committed to the "beyond Changan Group and beyond Automobile Industry" development strategy to continue to explore automobile business with non-connected parties and non-automobile business to reduce reliance on Changan Group.

### **3. The Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions**

As mentioned in the Announcement and Circular, on 30 October 2023, the Company entered into the following framework agreements, each for a term of three years commencing on 1 January 2024 and expiring on 31 December 2026:

- (1) the framework agreement with Changan Automobile, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) to Changan Automobile and its associates;
- (2) the framework agreement with China Changan, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) to China Changan and its associates;
- (3) the framework agreement with Minsheng Industrial, pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates; and
- (4) the framework agreement with Zhuangbei Finance, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposit and loans, note discounting services.

The Framework Agreements for the Non-Exempt Continuing Connected Transactions are not inter-conditional with each other. The transactions contemplated under each of the Framework Agreements for the Non-Exempt Continuing Connected Transactions shall be conducted on a non-exclusive basis. Separate written agreement(s) setting out the detailed terms shall be, if required, entered into between

the relevant parties for each Non-Exempt Continuing Connected Transaction. Payment of each Non-Exempt Continuing Connected Transaction will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contract(s) to be entered into pursuant to the relevant framework agreements.

**4. Internal Control Measures to regulate the conduct of the Continuing Connected Transactions with Connected Persons of the Company**

The Company has established a series of internal control measures in order to ensure that the pricing mechanism and terms of the transactions are fair and reasonable and no less favorable than the terms provided by any independent third party so as to ensure that they serve the interest of the Company and the Shareholders as a whole. Such internal control measures mainly include:

- (1) The pricing in relation to provision of logistics services to our customers is largely market driven. The price for outsourced logistics business is primarily determined by internal comparison method, whereas the price for newly outsourced business is primarily determined by bidding process. The internal comparison method is the method used by customers to select their suppliers. If the Group is the purchaser of the services, the Company will invite at least three suppliers, one of whom will be the connected person of the Company, to submit the bid documents with requirements as specified by the Group such as technical standards, business standards, price standards, service standards, etc. The supplier will be determined through internal price comparison that can provide the best price and on terms that are most preferable to the Group.
- (2) If the pricing in relation to provision of logistic services to our customers is to be determined by bidding, the Company will adhere to the following key procedures under the Company's Bidding Quotation Process and Bidding Quote Management Procedure:
  - (i) *Parties responsible for preparing the bidding documents:*

**LETTER FROM THE BOARD**

<b>Role</b>	<b>Responsibility</b>	<b>Participants</b>
Bidding representative of the quotation unit	<ol style="list-style-type: none"> <li>(1) Clarify any further information regarding bidding requirements in the process of quotation by maintaining communication with the customer;</li> <li>(2) Gather up the technical and operation plans and business plan as reviewed and approved, submit those documents in the manner as required by the customer;</li> <li>(3) Truthfully fill in the project operation analysis list (including but not limited to output value, profit, labor productivity, contract period, payment period and method to suppliers and customers, etc.) according to the quotation process requirements, finally check whether the project wins the bid; if it is, confirm the final quotation, cost and supplier information, and if not, draw up and upload an analysis report.</li> </ol>	Business development managers/commercial attaches/ marketing specialists/ project specialists/ project managers/ marketing officers
Preliminary reviewers	<ol style="list-style-type: none"> <li>(1) Marketing managers/commercial managers are responsible for reviewing the business plan and assessing operational risks etc. within their scope of authority.</li> <li>(2) Financial managers of the business department are responsible for assessing project costs and risk of capital utilization within their scope of authority.</li> <li>(3) Managers of the market department are responsible for reviewing whether the existing businesses and newly-developed businesses meet the profitability as required.</li> <li>(4) HR managers or general managers of the business department are responsible for reviewing whether new projects meet the labor productivity index as required by the Company within their scope of authority.</li> </ol>	Marketing managers, commercial managers, financial officers of the business department, HR managers or general managers of the business department
Head of the cost management division under the financial department	Managers of the cost management division under the financial department are responsible for assessing project costs, estimated performance, financial settlement risks, capital occupancy and profit.	Managers of the cost management division of the financial department
Head of the business department	<ol style="list-style-type: none"> <li>(1) Review and approve the performance, financial settlement risks, capital occupation, profit, etc. of projects with estimated contract output value &lt; RMB10 million and profit margin <math>\geq</math> 5% and meeting the labor productivity index required;</li> <li>(2) Review the feasibility of business and technical plans of projects with estimated contract output value <math>\geq</math> RMB10 million or profit margin &lt; 5% (including losses) or failing to meet the labor productivity index required.</li> </ol>	Head of the business department, deputy head of the business department

**LETTER FROM THE BOARD**

Head of the HR department	Review whether new projects meet the labor productivity index required by the Company with estimated contract output value $\geq$ RMB10 million	Head of the HR department, deputy head of the HR department
Head of the financial department	Review the estimated costs, estimated performance, financial settlement risks, capital occupation, profit, etc. of projects with estimated contract output value $\geq$ RMB10 million or profit margin $<$ 5% (including losses).	Head of the financial department
Head of the market department	Review whether the partners are falling in range of the Company's white list of customers, meet the high-quality development requirements of the Company, market risks and feasibility of projects with estimated contract output value $\geq$ RMB10 million or profit margin $<$ 5% (including losses) in the six major business lines (i.e., auto—finished vehicles logistics, auto—parts and components logistics, auto—spare parts logistics, auto—international logistics, non-automobile logistics and new ecology).	Head of the market department
Senior management member who supervises business departments	(1) Review and approve overall risks and feasibility of projects with RMB10 million $\leq$ estimated contract output value $<$ RMB30 million and the profit margin $\geq$ 5%, and meeting the labor productivity index required; (2) Review the overall risks and feasibility of projects with estimated contract output value $\geq$ RMB30 million or profit margin $<$ 5% (including losses) or failing to meet the labor productivity index required.	Senior management member
Chief accountant	Review the investment budget, capital occupation, cost control, operating efficiency, etc. of projects with estimated contract output value $\geq$ RMB30 million or profit margin $<$ 5 % (including losses) or failing to meet the labor productivity index required, which need to be reported to the general manager and chairman.	Chief accountant
General Manager	(1) Review and approve the overall feasibility of projects (RMB30 million $\leq$ estimated contract output value $\leq$ RMB100 million) or projects with profit margin $<$ 5 % (excluding losses) or failing to meet the labor productivity index required by the Company; (2) Review the overall feasibility of estimated contract output value $>$ RMB100 million or loss.	General Manager
Chairman	Approve the overall feasibility of projects with estimated contract output value $>$ RMB100 million or losses.	Chairman



report of the Company.

- (7) The Supervisory Committee are also responsible for, among others, supervising on the continuing connected transactions of the Company and reviewing the fairness of the transactions and whether the pricing of the transactions is fair and reasonable.
- (8) The Company's Audit and Legal Affairs Center established protocols including *Internal Control Assessment Workflow* and *Internal Control Assessment Manual*, assessing and monitoring the internal control work of the Group from the top down. All units of the Group shall update their internal control manual on a regular basis to ensure its effectiveness, and to identify and remedy the deficiencies in a prompt manner.
- (9) The Company's Audit and Legal Affairs Center established the *Regulation on Connected Transactions of Changan Minsheng APLL Logistics Co., Ltd.*, joining efforts of relevant departments to control connected transactions of the Group collectively. Primary measures include (i) the Audit and Legal Affairs Center, operational units and Finance Management Center shall pay extra attention to and conduct prudent review of the separate written agreements governed by relevant framework agreements entered into by the Group and connected persons to ensure the terms of the agreements conform to the corresponding framework agreement and are on normal commercial terms; (ii) the Finance Management Center updates the aggregated amount of each of the connected transactions under the framework agreements based on the monthly financial data and submits a report on the connected transactions of the Group to the Audit and Legal Affairs Center; (iii) the Audit and Legal Affairs Center compares the report(s) with the approved annual caps of the connected transactions under each of the framework agreements and report to or warn the officers of the Company and relevant departments and advise the management of the Company to consider whether or not to adjust the relevant annual caps according to the Listing Rules.
- (10) The Company's Audit and Legal Affairs Center, the Audit and Risk Committee of the Company and the Supervisory Committee shall each conduct random internal assessments on the internal control measures and the financial information of the Company, in order to ensure that the internal control measures in respect of the connected transactions remain complete and effective. Furthermore, they convene meetings at least twice a year to discuss and assess the implementation status of connected transactions. Meanwhile, the Audit and Legal Affairs Center shall conduct prudent review and appraisal of the contracts entered into by the Company, the operational departments shall monitor the transactional amounts in a timely manner and manage the compliance during the process of business operations.

The Company shall strictly follow the relevant protocols of internal control to ensure the pricing mechanism is transparent and the implementation of such pricing mechanism is subject to strict scrutiny by the Group and that connected transactions are conducted in a fair and reasonable manner and in all respect in the best interests of the Company and its Shareholders as a whole.

#### **5. Pricing Policy, Historical Figures, Historical Caps, Proposed Caps for each of the Non-Exempt Continuing Connected Transactions for 2025 and Rationale**

The caps in respect of each of the Non-Exempt Continuing Connected Transactions for 2025 are set out as follows:



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**1. Logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) provided by the Group to Changan Automobile and its associates**

<b>Pricing policy</b>	<p>Generally, the pricing of the logistics services to be provided by the Group is market driven. As the transactions contemplated under the framework agreement shall be conducted on a non-exclusive basis, the Group has specified marketing and client servicing teams to liaise with and ascertain whether any particular logistic service will be conducted by public tender. The pricing of the services provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, the principles and order of this section:</p> <p>(1) <b>Bidding Price:</b> the price will be arrived at by bidding process in principle. The bidding price shall be a price conducted after a bidding procedure according to the PRC Bidding Law. The Company has established Bidding Quotation Process and Bidding Quote Management Procedures. Briefly, the Company’s Enterprise Technical Center will draw up the technical and operation plans whereas the Marketing Management Center will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of our customers. Bidding representative of the Company will deliver the bidding offer and follow up on the bidding process. The Company will set up a working group to assist the bidding representative in response to the bidding before the bidding representative will finally be informed of the bidding results.</p> <p>(2) <b>Internal Compared Price:</b> in determining the quote to be offered by the Group in internal compared pricing method, whenever practical and appropriate, the Company will comprehensively consider the feasibility of the project, and the Company’s knowledge on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.</p> <p>(3) <b>Cost-plus Price:</b> to be determined with reference to a reasonable cost plus a reasonable profit margin. The Company will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p> <p>If the Group does not have a choice in the pricing policy, the Group will endeavor to determine the price(s) based on cost-plus basis to ensure that the Group can achieve a reasonable profit in participating in the project(s).</p>			
<b>Proposed cap and basis</b>	<p><b>Historical caps (for 2022-2024)</b></p> <p>For year 2022: RMB6,000,000,000</p> <p>For year 2023: RMB7,000,000,000</p> <p>For year 2024: RMB7,000,000,000</p>	<p><b>Historical figures<sup>Note</sup></b></p> <p>For year 2022: RMB5,029,170,000</p> <p>For year 2023: RMB5,378,349,713</p> <p>For year 2024: RMB5,759,690,000 (unaudited)</p>	<p><b>Proposed Cap for 2025</b></p> <p>RMB7,500,000,000</p>	<p><b>Basis of determination of the Proposed Cap for 2025<sup>Note</sup></b></p> <p>From January to December 2024, the automobile production volume and sales volume in the PRC were approximately 31.282 million vehicles and 31.436 million vehicles, respectively, up by 3.7% and 4.5% year on year.</p> <p>The production volume of Changan Automobile reached 2,625,658 vehicles, increased by 1.64% year on year and the sales volume was 2,683,798 vehicles, increased by 5.12% year on year. As a major logistics service provider of Changan Automobile, the Group expects to continue to provide logistics services for Changan Automobile and its associates in 2025 to maximize the revenue of the Group. The proposed annual cap for the year ending 31 December 2025 for provision of logistics services to Changan Automobile and its associates by the Group was determined after having considered:</p>

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			<p>(i) the unaudited transaction amount with Changan Automobile and its associates in 2024 is approximately RMB5.76 billion;</p> <p>(ii) the projected level of the incremental transaction amount with Changan Automobile and its associates in 2025 is approximately RMB700 million thanks to that the export volume of Changan Automobile by sea is expected to increase to 370,000 units in 2025 from 270,000 units in 2024, with a growth rate of approximately 40%;</p> <p>(iii) the base of Changan Automobile in Thailand for new energy cars is progressing smoothly as planned and is expected to be put into production in the first quarter of 2025, with an annual production capacity of 100,000 vehicles. The Group is closely monitoring the pace of the customer's construction progress of the Thailand project. This project is estimated to generate a revenue close to RMB100 million in 2025 for the Group;</p> <p>(iv) the Group plans to promote tyre integration and package integration at the bases of Changan Automobile in Chongqing, Nanjing, Hangzhou and Hefei in 2025 to develop integrated businesses in the four segments including front-end transportation, warehousing and storage operation, tyre assembly, and sorting and distribution, with an estimated revenue of close to RMB100 million; and</p> <p>(v) Changan Automobile has released new models since September 2024, including the Deepal L07, Avita 07, Qiyuan E07, the fourth-generation CS75PLUS, and the Changan Kaicheng V919 etc., and keep a moderate buffer to respond to the inherent volatility of the auto market and to accommodate any potential momentum increase in the launch of new models of Changan Automobile and its associates in 2025.</p> <p>With reference to the above factors, the Board is of the view that the proposed annual cap for the year ending 31 December 2025 is fair and reasonable.</p>
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**2. Logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) provided by the Group to China Changan and its associates**

<b>Pricing policy</b>	<p>Generally, the pricing of the logistics services to be provided by the Group is market driven. As the transactions contemplated under the framework agreement shall be conducted on a non-exclusive basis, the Group has specified marketing and client servicing teams to liaise with and ascertain whether any particular logistic service will be conducted by public tender. The pricing of the services provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, the principles and order of this section:</p> <p>(1) <b>Bidding Price:</b> the price will be arrived at by bidding process in principle. The bidding price shall be a price conducted after a bidding procedure according to the PRC Bidding Law. The Company has established Bidding Quotation Process and Bidding Quote Management Procedures. Briefly, the Company’s Enterprise Technical Center will draw up the technical and operation plans whereas the Marketing Management Center will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of our customers. Bidding representative of the Company will deliver the bidding offer and follow up on the bidding process. The Company will set up a working group to assist the bidding representative in response to the bidding before the bidding representative will finally be informed of the bidding results.</p> <p>(2) <b>Internal Compared Price:</b> in determining the quote to be offered by the Group in internal compared pricing method, whenever practical and appropriate, the Company will comprehensively consider the feasibility of the project, and the Company’s knowledge on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.</p> <p>(3) <b>Cost-plus Price:</b> to be determined with reference to a reasonable cost plus a reasonable profit margin. The Company will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p> <p>If the Group does not have a choice in the pricing policy, the Group will endeavor to determine the price(s) based on cost-plus basis to ensure that the Group can achieve a reasonable profit in participating in the project(s).</p>			
<b>Proposed cap and basis</b>	<b>Historical caps (for 2022-2024)</b>	<b>Historical figures<sup>Note</sup></b>	<b>Proposed Cap for 2025</b>	<b>Basis of determination of the Proposed Cap for 2025<sup>Note</sup></b>
	For year 2022: RMB210,000,000	For year 2022: RMB170,920,000	RMB500,000,000	<p>The Company has established steady business contact with China Changan and its associates and expects to continue to conduct business with China Changan and its associates for the upcoming year to maximize the revenue of the Group.</p> <p>The proposed annual cap for the year ending 31 December 2025 for the continuing connected transactions with China Changan and its associates is derived with reference to that:</p> <p>(i) the unaudited transaction amount with China Changan and its associates in 2024 is approximately RMB241 million;</p> <p>(ii) the Group plans to expand the business of in-plant logistics, finished products transportation and solutions on transformation to intelligent logistics of customers such as China Changan Motorcycle Division, Chenzhi Technology Co., Ltd. (a</p>
	For year 2023: RMB210,000,000	For year 2023: RMB197,864,541		
	For year 2024: RMB300,000,000	For year 2024: RMB241,410,000 (unaudited)		

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				<p>wholly-owned subsidiary of China Changan), Sichuan Ningjiang Shanchuan Machinery Co., Ltd. and Chongqing Wanyou Automobile Sales &amp; Service Co., Ltd. etc. in 2025, with an estimated transaction amount of RMB170 million; and</p> <p>(iii) a moderate buffer added to respond to fluctuations of the transaction amount with China Changan and its associates in 2025.</p> <p>Having considered the above factors, the Board is of the view that the proposed annual cap for 2025 for the provision of logistics services by the Group to China Changan and its associates in 2025 is fair and reasonable.</p>
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**3. Logistics services provided to the Group by Minsheng Industrial and its associates**

<b>Pricing policy</b>	<p>The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:</p> <p>(1) <b>Bidding Price:</b> the price will be arrived at by bidding process in principle. The bidding price shall be a price conducted after a bidding procedure according to the PRC Bidding Law. According to the Bidding Quote Management Procedures, in terms of procurement through bidding, the Company shall publish announcements at such public media as China Bidding to invite bidders. The Group will screen and select bidders whom the Group considers can undertake the procurement with relevant qualification and capability.</p> <p>(2) <b>Internal Compared Price:</b> the price will be determined by the Company or its subsidiaries (as the case may be) by comparing internally the quote offered by Minsheng Industrial or its associate (as the case may be) and the quote offered by at least two independent third parties or the price of services of similar nature purchased by independent third parties. In terms of internal compared pricing, the Group will choose the lowest quotes offered among the eligible participants as its procurement price. Pursuant to the Compared Pricing Management Procedures, in terms of internal compared pricing, the Group shall compare quotes provided by or the price of services of similar nature purchased by at least two independent third parties.</p> <p>At present, there are only a few suppliers who have the qualification and capability to provide Yangtze River automobile related transportation services. To increase procurement efficiency and ensure the reasonableness of prices, the Company usually adopts the internal compared pricing policy for selection of its water transportation supplier.</p>
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	<b>Historical caps (for 2022-2024)</b>	<b>Historical figures<sup>Note</sup></b>	<b>Proposed Cap for 2025</b>	<b>Basis of determination of the Proposed Cap for 2025<sup>Note</sup></b>
<b>Proposed cap and basis</b>	<p>For year 2022: RMB250,000,000</p> <p>For year 2023: RMB450,000,000</p> <p>For year 2024: RMB450,000,000</p>	<p>For year 2022: RMB248,340,000</p> <p>For year 2023: RMB248,401,481</p> <p>For year 2024: RMB214,190,000 (unaudited)</p>	RMB400,000,000	<p>Minsheng Industrial and its associates have been providing waterway transportation services to the Group for years. Minsheng Industrial and its associates are equipped with ro-ro ships of various capacity and extensive shipping lines covering major ports along the Yangtze River, which can make up for the lack of direct resources of the Company along the Yangtze River to assist the Group in providing better services for customers. The Group intends to continue to purchase logistics services from Minsheng Industrial and its associates in 2025.</p>

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			<p>The proposed annual cap for the year ending 31 December 2025 was arrived at after having regard to:</p> <p>(i) the unaudited transaction amount with Minsheng Industrial and its associates in 2024 is approximately RMB214 million;</p> <p>(ii) the estimated incremental amount for purchase of services from Minsheng Industrial and its associates in 2025 is approximately RMB70 million due to that the export volume of Changan Automobile by sea is expected to increase to 370,000 units in 2025 from 270,000 units in 2024, with a growth rate of approximately 40%;</p> <p>(iii) considering the fluctuations of oil prices, keep a moderate buffer in response to increasing water transport cost due to a rise in oil prices; and</p> <p>(iv) a moderate buffer added to cater for potential incremental purchase amount caused by potential increase in logistics demand from Changan Automobile and its associates, including the anticipated expansion of Changan Automobile's operations in overseas markets, particularly the base in Thailand of Changan Automobile.</p> <p>With reference to the above factors, the Board is of the view that the proposed annual cap for the year ending 31 December 2025 is fair and reasonable.</p>
<p><b>4. Settlement, deposits and loans, note discounting services to be provided by Zhuangbei Finance to the Group</b></p>			
<p><b>Pricing policy</b></p>	<p>The fees and charges payable by the Group to Zhuangbei Finance under the framework agreement will be on terms not less favourable than the benchmark rates set by PBOC (if applicable) as well as those available from other independent commercial banks in the PRC and are determined on the following bases:</p> <ul style="list-style-type: none"> <li>● Settlement services – the fees charged for the settlement services must not be higher than (i) the relevant benchmark charging rates set by PBOC (if applicable); and (ii) the fees charged by other independent commercial banks in the PRC for providing services of similar nature.</li> <li>● Deposit services – the interest rates for Deposits placed by the Group must not be lower than (i) the relevant benchmark interest set by PBOC; and (ii) the interest rates provided by other independent commercial banks in the PRC for deposits of similar nature and under similar terms.</li> <li>● Provision of loans – the interest rates for borrowings by the Group must not be higher than (i) the relevant benchmark interest rates set by PBOC; and (ii) the interest rates charged by other independent commercial banks in the PRC for borrowings of similar nature and under similar terms.</li> <li>● Note discounting services – the fees charged for the services and the interest rates for the note</li> </ul>		

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	<p>discounting services must not be higher than (i) the relevant benchmark charging rates (if applicable) and interest rates set by PBOC; and (ii) the fees and interest rates charged by other independent commercial banks in the PRC for providing note discounting services of similar nature and under similar terms.</p> <p>The Company will adopt a series of measures to maintain the independence of the Company's decision-making and the fairness of transaction prices. Relevant measures include, but are not limited to, the Company's right to make independent decisions on transaction prices, and to understand and grasp market information through various means. In addition, when Zhuangbei Finance provides note discounting and loan services to the Group, the conditions for providing such services by Zhuangbei Finance to the Group shall be on normal commercial terms and no less favorable than at least five quotes to be provided by independent third parties, including Industrial and Commercial Bank of China Limited, China Construction Bank Limited, Bank of China Limited, China Merchants Bank Co., Ltd. and Shanghai Pudong Development Bank Limited, where no security over assets of the Group is granted in respect of such services.</p>			
<p><b>The maximum amount of Deposit (including interests) on a daily basis</b></p>	<p><b>Historical caps (for 2022-2024)</b></p>	<p><b>Historical figures<sup>Note</sup></b></p>	<p><b>Proposed Cap for 2025</b></p>	<p><b>Basis of determination of the Proposed Cap for 2025<sup>Note</sup></b></p>
	<p>For year 2022: RMB200,000,000</p> <p>For year 2023: RMB190,000,000</p> <p>For year 2024: RMB200,000,000</p>	<p>For year 2022: RMB199,582,000</p> <p>For year 2023: RMB189,363,397</p> <p>For year 2024: RMB188,130,000 (unaudited)</p>	<p>RMB240,000,000</p>	<p>Zhuangbei Finance is a non-banking financial company with a sound capital base and renowned credibility among the member companies of CSGC. As Zhuangbei Finance provides the Group with free settling services, the Group maintains a deposits account in Zhuangbei Finance to settle transaction fees with major suppliers.</p> <p>The proposed annual cap for the year ending 31 December 2025 is determined after having considered:</p> <p>(i) the historical maximum daily outstanding balance of deposits placed by the Group in Zhuangbei Finance for the year ended 31 December 2024 and the utilization rate of the 2024 annual cap; and</p> <p>(ii) as at 31 December 2024, the Group had a total deposit of approximately RMB1.14 billion (unaudited). The proposed annual cap of the deposit (on a daily basis) with Zhuangbei Finance represents approximately 20% of the total deposits of the Group as at 31 December 2024. The Company is of the view that by allocating the Group's cash among Zhuangbei Finance and other licensed banking institutions in the PRC such as China Merchants Bank, China Construction Bank and Industrial and Commercial Bank of China, the Group is able to reasonably reduce the financial risks of capital overconcentration while retaining the benefit of financial settlement through Zhuangbei Finance.</p> <p>As such, the Directors are of the view that the proposed annual</p>

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## LETTER FROM THE BOARD

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				cap for the year ending 31 December 2025 for the deposit transaction with Zhuangbei Finance is fair and reasonable.
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*Note: The relevant historical transaction figures for year 2024 as showed in the above table are unaudited, and may possibly differ from the audited figures to be disclosed in the Company's annual report of 2024, which will be finalised in March 2025.*

### **6. Reasons for and Benefits of the Non-Exempt Continuing Connected Transactions for 2025 and Major Transaction**

*With respect to the logistics services provided by the Group to Changan Automobile and its associates*

Since the establishment of the Company, the Group has had business and maintained a good relationship with Changan Automobile. The Group is a major logistics services supplier of Changan Automobile and its associates. The Group's logistics services have been highly recognized by Changan Automobile and its associates. Provision of logistics services to Changan Automobile and its associates by the Group continues to occupy a major portion of the Group's business, thus contributing significantly to the revenue of the Group. As such, the Company believes that it is essential to maintain the provision of logistics services by the Group to Changan Automobile and its associates to ensure source of revenue and the Board is of the view that it is in the interests of the Company and its Shareholders as a whole that the Group seizes the momentum and maximize the revenue to be generated from providing logistics services for Changan Automobile and its associates.

*With respect to the logistic services provided by the Group to China Changan and its associates*

The principal businesses of the Group are supply chain management services for the automobiles and automobile raw materials, components and parts. Such services include finished vehicle transportation and related logistics services, automobile raw materials and components and parts supply chain management services, tires assembly and after-sales logistics service. The Group's development strategies include: (i) take root in automobile logistics: automobile logistics is the foundation of the Group. The logistics demand of Changan Group is substantial and is the traditional business of the Group. The Group will continuously consolidate the existing traditional business and further explore the rest of the logistics demand of Changan Group by improving our logistics technology, service quality and logistics network; (ii) take advantage of the comparatively strong service capacity of the Group in the domestic automobile logistics market to explore automobile logistics business with non-related parties; (iii) explore non-automobile logistics business: on top of the automobile logistics business, the Group will gradually explore non-automobile logistics business to diversify the revenue portfolio of the Group.

China Changan is essentially a large enterprise with businesses mainly ranging from parts and components to automobile retail. It has roughly 18 member companies engaging in parts production such as automobile engines, transmissions, power components, chassis, shock absorbers, supercharges, pistons and so on. The Group stepped up efforts in exploring the parts business of China Changan and its associates ever since China Changan became one of the substantial Shareholders of the Company. Currently, the Group has established steady business contact with several member companies of China Changan. The Group anticipates that by leveraging on the current business relationship, the Group can establish more business contact with Changan Group and can tap into the market potentials presented by China Changan and its associates, thereby increasing business sources and maximizing revenue of the Group.

*With respect to the logistic services provided to the Group by Minsheng Industrial and its associates*

The Group is a third-party automobile logistics service provider and provides comprehensive logistics

solution for customers. However, the Group currently does not have any vessel or enough freight carriers to ensure an independent operation of business and needs to purchase logistics services from suppliers with sufficient transportation capacity and logistics facilities and equipment. Minsheng Industrial is fully equipped with ro-ro ships of various volumes and car transporters and has extensive, well-established logistics network across the country. Therefore, Minsheng Industrial and its associates are competent in providing logistics services to the Group. In addition, Minsheng Industrial and its associates have been a credible and reliable business partner of the Group, and have been providing various logistics services such as waterway transportation of car components and parts, finished vehicles transportation by road, customs clearance, container transportation, etc. to the Group for many years. As such, the Directors are of the view that the Group should continue to purchase logistics services from Minsheng Industrial and its associates to support the smooth running of the Group's primary business and tap on the strength of Minsheng Industrial's various resources to our advantage and provide our customers with quality services and maximize the revenue of the Group. The Directors are of the view that the transaction is in the interest of the Company and its Shareholders as a whole.

*With respect to the deposit transaction between the Group and Zhuangbei Finance*

Zhuangbei Finance is a non-banking financial institution in the PRC as approved by NFRA and is established with capital contribution from member companies of CSGC for purpose of centralizing capital management and optimizing capital efficiency within CSGC. Zhuangbei Finance has been providing financial services for member companies of CSGC for years and is highly recognized for its financial management services. In addition, the major customers of the Group are member companies within CSGC and they all have maintained accounts with Zhuangbei Finance. It would reduce the time costs and finance cost if the Company deposits and conducts note discounting services with, and/or to obtain loan advancement from, Zhuangbei Finance. Moreover, Zhuangbei Finance offers more favourable terms and comparatively less finance fees and charges than those payable to external banks in the PRC.

In addition, the Board has taken into consideration the following factors with respect to the deposit transaction under the framework agreement:

- (i) As a non-banking financial institution, Zhuangbei Finance is regulated by the PBOC and the NFRA and provides its services in accordance with and in compliance of the rules and operational requirements of these regulatory authorities including capital risk guidelines and requisite capital adequacy ratios. The regulations imposed on non-banking institutions regarding the capital adequacy ratios is more stringent than those imposed on commercial banks in the PRC;
- (ii) The pricing policies of Zhuangbei Finance are subject to guidelines set by PBOC. The interest rates for Deposit of similar nature and under similar terms will be at least be equal to or more favorable than (i) the relevant benchmark interest rate set by PBOC and (ii) the three quotations from major independent commercial banks in the PRC. Moreover, currently, the fees payable to normal commercial banks for settlement services, including account management, online banking system management, confirmation, etc. are free of charge to Zhuangbei Finance, which would reduce the finance costs of the Group;
- (iii) The risk of the Deposit transaction with Zhuangbei Finance is further reduced by (i) the undertakings provided by Zhuangbei Finance, (ii) various internal control and risk management awareness of and measures took by Zhuangbei Finance in respect of credit risk, liquidity risk, market risk, operational risk, information technology risk and etc.;
- (iv) Zhuangbei Finance has advanced information security protection system, the security protection of which is no less than the protection level of head office of commercial banks and Zhuangbei Finance established data security backup center in Chongqing and was granted technical security certification by CFCA, all of which proves that Zhuangbei Finance was competent enough to



protect the information and the fund security of the Group; and

- (v) In addition, as a fellow member of CSGC, Zhuangbei Finance has a better understanding of the operations and financial requirements of the Group which give Zhuangbei Finance a built-in advantage to allow it to provide the Group with more expedient and efficient services.

In arriving at the above proposed caps, the Directors have considered, in addition to specific factors mentioned above, the market condition of logistics industry as well as the current and projected level of the relevant transactions.

The Directors understands that connected transactions may affect the Company's ability to operate its business independently and reduce its resistance to external risks. Excessive connected transactions will reduce the Company's competitiveness and independence and make the Company overly dependent on connected parties.

The deposit transaction between Zhuangbei Finance and the Company may expose the Company to financial risk if there are material adverse changes in the financial or trading position of Zhuangbei Finance. The Company takes measures to control the potential risks to the deposits transaction between Zhuangbei Finance and the Company. For details, please refer to the section headed "Risks Control Relating to the Deposits Transaction under the Framework Agreement with Zhuangbei Finance" of this circular.

The Directors (excluding the independent non-executive Directors) are of the view that the Non-exempt Continuing Connected Transactions for 2025 and major transaction will be conducted on normal commercial terms or on terms no less favorable than those available from independent third parties under prevailing local market conditions, and that the Non-exempt Continuing Connected Transactions for 2025 and major transaction were entered in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **7. Financial Effects of the Deposit Transaction on the Group**

As at 31 December 2024, the total deposit amount of the Group was approximately RMB1.14 billion (unaudited) and the deposit amount with Zhuangbei Finance was approximately RMB180 million (unaudited), representing approximately 15.79% of the total deposit amount of the Group.

For the year ended 31 December 2024, the deposit interest income from Zhuangbei Finance was approximately RMB2,989,400 (unaudited), representing approximately 16.77% of the total unaudited deposit interest income of the Group and approximately 0.03% of the Group's unaudited revenue during the corresponding period. <sup>Note</sup>

Therefore, the Company anticipates that the deposit interest income to be earned from Zhuangbei Finance for the year ending 31 December 2025 will not have any material impact to the Group's revenue, assets and liabilities.

*Note: The statistics showed above are unaudited and may somewhat differ from the statistics disclosed in the relative periodic reports.*

## **8. Risks Control Relating to the Deposits Transaction under the Framework Agreement with Zhuangbei Finance**

In order to control the potential risks relating to the Deposits transactions, ensure the safety of the Deposit and protect the interests of the Company and its Shareholders regarding the Deposit placed or to be placed from time to time, Zhuangbei Finance provided an undertaking as a part of the framework

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agreement to the Company. Pursuant to the framework agreement, Zhuangbei Finance undertakes to the Company that it will:

- (i) provide to the Company, at any time, financial services with terms which are no less favourable than for comparable financial services provided to members of CSGC and those of the comparable financial services the Company may obtain from other financial institutions;
- (ii) ensure that the Financial Operation Licence (金融許可證) and other business permits, approvals and filings etc. have been lawfully obtained by Zhuangbei Finance and will remain valid and effective;
- (iii) ensure the safe operations of its fund settlement and clearance network, assure the safety of funds, control the risk exposure and safety of the Deposit and will satisfy the requirements for the payment of the Deposit;
- (iv) ensure the strict compliance with the risk monitoring indicators for financial institutions promulgated by the NFRA and that the major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the NFRA and other relevant laws and regulations;
- (v) report its business and financial positions to the Company twice a year, co-ordinate with the auditors of the Company in the course of their audit work to enable the Company to fulfill the requirements of the Listing Rules; and
- (vi) on happening of new, or special event that may possibly affect the Company, Zhuangbei Finance shall proactively inform the Company on a timely basis.

In order to further safeguard the interests of the Shareholders, the Group will adopt certain guidelines and principles in monitoring, amongst other things, the Deposit arrangements. These include an assessment of the fund operation and control of risk exposure of Zhuangbei Finance and evaluation of its services provided through its reports to be obtained regularly as mentioned above. In particular, the Company will (i) conduct stricter monitoring on the deposit transactions with Zhuangbei Finance than with other independent banks/financial institutions by assigning designated employee(s) to conduct weekly special checking on the maximum amount of Deposit (including interests) on a daily basis to ensure that the amount deposited is within the approved annual cap; and (ii) obtain the credit rating report of Zhuangbei Finance from time to time to check its long-term credit standing and default risk.

Given the undertakings provided by Zhuangbei Finance on risk control of the financial services (including the Deposit) to be provided to the Group and given that the Deposit will be subject to annual review conducted by the independent non-executive Directors, the auditors of the Company and strict compliance with the risk monitoring by the NFRA on Zhuangbei Finance, the Directors (excluding the independent non-executive Directors) are of the view that the arrangements for, amongst other things, the Deposit are in the interests of the Company and the Shareholders as a whole.

### **9. Board of Directors' Views**

The Board has approved the proposals of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and their respective associates and the Major Transaction. Except for Mr. Xie Shikang, Mr. Wan Nianyong and Mr. Dong Shaojie, who being the directors nominated by China Changan and are therefore treated as the related Directors under relevant PRC laws, are deemed to be interested in the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and their respective associates and the Major Transaction, none of the other Directors has abstained from voting on the relevant resolutions approving the Non-Exempt Continuing Connected Transactions with each of Changan Automobile and

China Changan and their respective associates and Zhuangbei Finance for 2025 and the Major Transaction (including the maximum outstanding daily balance on the Deposit for 2025).

The Board has approved the proposal of the Non-Exempt Continuing Connected Transactions for 2025 with Minsheng Industrial and its associates. Except for Mr. Che Dexi and Mr. Chen Wenbo, who being nominated by Minsheng Industrial and are therefore treated as the related Directors under the relevant PRC laws, are deemed to be interested in the Non-Exempt Continuing Connected Transactions for 2025 with Minsheng Industrial and its associates, none of the other Directors has abstained from voting on the relevant resolution approving the Non-Exempt Continuing Connected Transactions with Minsheng Industrial and its associates for 2025.

## **10. Implication under the Listing Rules**

Since one or more of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions for 2025 contemplated under each of the Framework Agreements for the Non-Exempt Continuing Connected Transactions with Changan Automobile and China Changan and their respective associates (notwithstanding the fact that the annual caps for the continuing connected transactions under the framework agreement with Changan Automobile and the framework agreement with China Changan are subject to aggregation for purpose of Rule 14A.82 of the Listing Rules) as calculated under Rule 14.07 of the Listing Rules are above 5%, each of the Non-Exempt Continuing Connected Transactions for 2025 with Changan Automobile and China Changan and their respective associates are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

Since one or more of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions for 2025 contemplated under the Framework Agreement for the Non-Exempt Continuing Connected Transactions with Minsheng Industrial and its associates as calculated under Rule 14.07 of the Listing Rules are above 5%, the Non-Exempt Continuing Connected Transactions for 2025 with Minsheng Industrial and its associates are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

Since the highest applicable percentage ratio in relation to the maximum outstanding daily balance on the Deposit for 2025 under the framework agreement with Zhuangbei Finance in relation to the deposit as calculated under Rule 14.07 of the Listing Rules exceeds 25% but less than 75%, the deposit transaction contemplated under such framework agreement with Zhuangbei Finance also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, annual review, announcement, and Independent Shareholders' approval requirements.

Under Rule 14A.90 of the Listing Rules, the transactions relating to the provision of loans and note discounting services to the Group by Zhuangbei Finance contemplated under the framework agreement with Zhuangbei Finance are exempted from the reporting, annual review, announcement and Independent Shareholders' approval requirement as these financial assistance provided by a connected person for the benefit of the Group are conducted on normal commercial terms where no security over the assets of the Group will be granted in respect of the financial services.

Under the Listing Rules, the transactions relating to the provision of settlement service to the Group by Zhuangbei Finance contemplated under the framework agreement with Zhuangbei Finance is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements as the annual amount for the settlement services is expected to be less than HK\$3,000,000.

## **11. General Information**

The Company is a foreign-invested limited liability company incorporated in the PRC and provides a variety of logistics services mainly for car manufacturers and car component and parts suppliers in China.

Changan Automobile produces and sells automobiles and is the major customer of the Group.

China Changan is a limited liability company incorporated in the PRC on 26 December 2005. It is one of the substantial shareholders of the Company. China Changan is primarily engaged in automobile and motorcycle production; automobile and motorcycle engines production; the design, development, production and sales of automobile and motorcycle components and parts; sales of optical devices, electronic optoelectronic devices, night vision devices information and communication devices; and the relevant technical development, technical transfer, technical consultation, technical services and import and export business and consultation on assets merger and asset restructuring.

Minsheng Industrial engages in transportation via rivers and by sea.

Zhuangbei Finance is a company incorporated in the PRC on 21 October 2005. The principal businesses of Zhuangbei Finance are to accept enterprises deposit, process financial activities such as enterprise loan and fund raising as approved by NFRA. Zhuangbei Finance is a non-bank financial institution regulated by NFRA.

### **C. EGM**

The EGM will be held for considering and approving, among others, the Non-Exempt Continuing Connected Transactions for 2025 and the Major Transaction.

China Changan (which controls 41,225,600 Shares with voting rights in the Company or approximately 25.44% of the equity interests in the Company as at the Latest Practicable Date) who are involved in, or interested in the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and their respective associates and the Major Transaction, will abstain from voting on the relevant resolutions approving the Non-Exempt Continuing Connected Transactions with each of Changan Automobile, China Changan and Zhuangbei Finance for 2025 (including the maximum outstanding daily balance on the Deposits for 2025).

Minsheng Industrial (which controls 25,774,720 Shares with voting rights in the Company or approximately 15.90% of the equity interests in the Company as at the Latest Practicable Date), Ming Sung (HK) (which controls 6,444,480 Shares with voting rights in the Company or approximately 3.98% of the equity interests in the Company as at the Latest Practicable Date), who are involved in, or interested in the Non-Exempt Continuing Connected Transactions for 2025 with Minsheng Industrial and its associates, will abstain from voting on the relevant resolution approving the Non-Exempt Continuing Connected Transactions with Minsheng Industrial for 2025.

Save as disclosed above and according to the information available to the Company, none of the Shareholders shall be required to abstain from voting in any of the resolutions regarding the transactions under the Non-Exempt Continuing Connected Transactions for 2025 and the Major Transaction for 2025 proposed at the EGM.

The notice of the EGM is set out on pages 60 to 62 of this circular. Whether or not you intend to attend the EGM you are requested to complete the relevant proxy form in accordance with the instructions printed thereon and return the same to the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H Shares only) or the office of the Board of the Company at No.1881, Jinkai Road, Yubei District, Chongqing, the PRC (Zip Code: 401122) (for the holders of the Domestic Shares only (in respect of domestic shares, including non-H foreign

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## LETTER FROM THE BOARD

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shares)), as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM.

Completion and delivery of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjournment thereof if you so wish.

The resolutions regarding each of the transactions under the Non-Exempt Continuing Connected Transactions for 2025 and the Major Transaction for 2025 (including the Proposed Cap for 2025 for each of Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2025) will be passed by way of ordinary resolutions and voting will be taken by way of a poll in accordance with the requirements of the Listing Rules.

### **D. CLOSURE OF REGISTER OF MEMBERS**

In order to determine the shareholders of H Shares who will be entitled to attend the EGM, the Company has suspended registration of transfer of shares from Thursday, 13 February 2025 to Tuesday, 18 February 2025, both days inclusive. In order to qualify to attend the EGM and to vote thereat, non-registered holders of H shares of the Company whose transfer documents have not been registered must deposit the transfer documents accompanied by relevant share certificates with the Company's H share registrar's transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, 12 February 2025. Holders of H Shares whose names are recorded in the register of members of the Company on Tuesday, 18 February 2025 are entitled to attend and vote at the EGM.

### **E. RECOMMENDATIONS**

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders of the Company, which is set out on pages 29 to 30 of this circular, and which contains their recommendation in respect of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction for 2025 (including the Proposed Cap for 2025 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2025). The letter of advice from Quam Capital Limited to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction (including the Proposed Cap for 2025 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2025) and whether such transactions are in the interests of the Company and its Shareholders as a whole is set out on pages 31 to 48 of this circular.

The Independent Board Committee, having taken into account the advice of Quam Capital Limited, considers that the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction regarding the deposit transaction with Zhuangbei Finance (and the respective caps for 2025) are fair and reasonable insofar as the Independent Shareholders are concerned and that such transactions are in the interests of the Company and its Shareholders as a whole. Accordingly, it is recommended that the Independent Shareholders vote in favor of the relevant resolutions to approve each of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major

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## LETTER FROM THE BOARD

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Transaction (including the Proposed Cap for 2025 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2025).

The Directors (including the independent non-executive Directors) consider that the transactions under the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction (including the Proposed Cap for 2025 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2025) are on normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favor of the ordinary resolutions thereby approving each of the transactions under the Non-Exempt Continuing Connected Transactions for 2025 and the Major Transaction (including the Proposed Cap for 2025 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2025) to be proposed at the EGM as set out in the notice of the EGM.

### **F. OTHER INFORMATION**

Your attention is also drawn to (i) the financial information of the Group and (ii) the general information set out in Appendices I and II, respectively, of this circular.

*On behalf of the Board*  
**Changan Minsheng APLL Logistics Co., Ltd.**  
**Xie Shikang**  
*Chairman*



重慶長安民生物流股份有限公司

**Changan Minsheng APLL Logistics Co., Ltd. \***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 01292)

23 January 2025

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2025  
AND THE MAJOR TRANSACTION REGARDING THE DEPOSIT  
TRANSACTION WITH ZHUANGBEI FINANCE**

*To the Independent Shareholders*

Dear Sirs or Madam,

We, the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd., are advising the Independent Shareholders in connection with the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction, details of which are set out in the letter from the Board contained in the circular (“**Circular**”) of the Company to the Shareholders dated 23 January 2025, of which this letter forms a part. Terms defined in this circular shall have the same meanings when used herein unless the context otherwise requires.

Under the Listing Rules, the conduct of the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction requires the approval of the Independent Shareholders at the EGM.

We wish to draw your attention to the letter of advice from Quam Capital Limited set out on pages 31 to 48 of this circular. We have discussed the letter and the opinion contained therein with Quam Capital Limited.

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**LETTER FROM INDEPENDENT BOARD COMMITTEE**

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Having considered, among others, the factors and reasons considered by, and the opinion of, Quam Capital Limited, as stated in its aforementioned letter, we consider each of the transactions under the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction (including the Proposed Cap for 2025 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on Deposit for 2025) to be fair and reasonable insofar as the Independent Shareholders are concerned. We are of the view that each of the Non-Exempt Continuing Connected Transactions for 2025 with Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction (including the Proposed Cap for 2025 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2025) are on normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the relevant ordinary resolutions in the notice of the EGM to be proposed at the EGM to be held on 18 February 2025 and thereby approve each of transactions under the Non-Exempt Continuing Connected Transactions for 2025 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction (including the Proposed Cap for 2025 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2025).

Yours faithfully,

**Mr. Li Ming**

*Independent Non-executive  
Director*

**Mr. Man Wing Pong**

*Independent Non-executive  
Director*

**Ms. Chen Jing**

*Independent Non-executive  
Director*

*\* For identification purposes only*



*The following is the full text of a letter of advice from Quam Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for 2025 and the Major Transaction pursuant to the Framework Agreements for the Non-Exempt Continuing Connected Transactions, which has been prepared for the purpose of incorporation in this circular.*



23 January 2025

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2025  
AND THE MAJOR TRANSACTION REGARDING THE DEPOSIT TRANSACTION  
WITH ZHUANGBEI FINANCE**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for 2025 contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, details of which are set in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company dated 23 January 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the announcement dated 30 October 2023 (the “**2023 Announcement**”) and the circular dated 23 January 2024 (the “**2024 Circular**”) of the Company in relation to, among others, the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions entered into by the Company with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance, each for a term of three years commencing on 1 January 2024 and expiring on 31 December 2026 (both days inclusive). The entering into the Framework Agreements for the Non-Exempt Continuing Connected Transactions and the annual caps for 2024 for each of the Non-Exempt Continuing Connected Transactions contemplated thereunder were approved by the Shareholders of the Company at the general meeting held on 19 February 2024.

As mentioned in the 2023 Announcement and 2024 Circular, the Company sought approval from the Shareholders at the general meeting to approve the annual caps for 2024 in relation to the Non-Exempt Continuing Connected Transactions contemplated under each of the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions. Since the Company would like to provide a more appropriate level of the annual caps for each Non-Exempt Continuing Connected Transactions for each year, the Company will re-comply with the relevant Listing Rules requirements (including setting the annual caps, issuing announcement(s) and obtaining Independent Shareholders’ approval) for the Proposed Caps for 2025 and 2026 in relation to each of the Non-Exempt Continuing Connected Transactions contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions.

The cap(s) for 2024 (including the maximum outstanding daily balance on the Deposit for 2024) for the Non-Exempt Continuing Connected Transactions under each of the Framework Agreements for the Non-exempt Continuing Connected Transactions with each of Changan Automobile, China Changan, Minsheng Industrial and their respective associates and Zhuangbei Finance have expired on 31 December 2024. As such, the Company has estimated and will seek for approval by Independent Shareholders at the EGM for the annual cap(s) (including the maximum outstanding daily balance on the Deposit) for the year ending 31 December 2025 in relation to the Non-Exempt Continuing Connected Transactions contemplated under each of the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions. With respect to the Non-Exempt Continuing Connected Transactions for the year ending 31 December 2026 contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, the Company will re-comply with the relevant Listing Rules requirements (including setting the annual cap, issuing announcement(s) and obtaining Independent Shareholders' approval).

Apart from setting the cap for 2025 for each Non-Exempt Continuing Connected Transactions in manner as disclosed in this circular, the Company confirms that there have been no changes to the terms of the Framework Agreements for the Non-Exempt Continuing Connected Transactions nor the categories of the Non-Exempt Continuing Connected Transactions contemplated thereunder.

As at the Latest Practicable Date, China Changan holds approximately 25.44% of the total issued share capital of the Company and 17.98% equity interests in Changan Automobile. In addition, CSGC holds 100% equity interests in China Changan and 14.23% equity interests in Changan Automobile. SIAMC, a wholly-owned subsidiary of CSGC, holds 4.60% equity interests in Changan Automobile. The ultimate shareholder of SIAMC is CSGC. The ultimate beneficial owner of CSGC is the SASAC of the State Council of the PRC. Zhuangbei Finance is a member company of CSGC in that CSGC holds 22.90% equity interests and China Changan holds 13.27% equity interests. The ultimate beneficial owner of Zhuangbei Finance is CSGC. As at the date of the announcement of the Company dated 2 December 2024, the Company holds approximately 0.81% equity interests in Zhuangbei Finance. Therefore, according to the Listing Rules, the transactions between the Group and each of China Changan, Changan Automobile, Zhuangbei Finance and their respective associates constitute connected transactions of the Company.

In addition, Minsheng Industrial is a substantial shareholder of the Company, holding approximately 15.90% of the total issued share capital of the Company, thus Minsheng Industrial and its associates are also connected persons of the Company. The ultimate shareholder of Minsheng Industrial is Chongqing SASAC of the PRC.

## **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing, has been established to advise the Independent Shareholders as to (i) whether the entering into of the Non-Exempt Continuing Connected Transactions for 2025 is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Independent Shareholders as a whole; (ii) whether the terms of the Non-Exempt Continuing Connected Transactions for 2025 are normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned; (iii) whether the Proposed Cap in respect of each of the Non-Exempt Continuing Connected Transactions for 2025 have been fairly and reasonably arrived at; and (iv) how the Independent Shareholders should vote in respect of the proposed resolution at the EGM to approve the Non-Exempt Continuing Connected Transactions for 2025 (including the Proposed Cap for each of Non-Exempt Continuing Connected Transactions for

2025), taking into account our recommendation.

## **THE INDEPENDENT FINANCIAL ADVISER**

As the Independent Financial Adviser, our role is to give independent opinions to the Independent Board Committee and the Independent Shareholders as to (i) whether the entering into of the Non-Exempt Continuing Connected Transactions for 2025 is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Independent Shareholders as a whole; (ii) whether the terms of the Non-Exempt Continuing Connected Transactions for 2025 are normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned; (iii) whether the Proposed Cap in respect of each of the Non-Exempt Continuing Connected Transactions for 2025 have been fairly and reasonably arrived at; and (iv) how the Independent Shareholders should vote in respect of the proposed resolution at the EGM to approve the Non-Exempt Continuing Connected Transactions for 2025 (including the Proposed Cap for each of Non-Exempt Continuing Connected Transactions for 2025).

During the past two years, we have acted an Independent Financial Adviser in relation to certain transactions of the Company, including (i) the Non-Exempt Continuing Connected Transactions of the Company as disclosed in its circular dated 23 January 2024; and (ii) the subscription of the new domestic shares of the Company under the specific mandate and application for whitewash waiver as disclosed in its circular dated 4 November 2024 (collectively, the “**Past Engagements**”). For the Past Engagements, we provided independent advisory services to the independent board committee and/or independent shareholders of the Company. Thus, we do not consider the Past Engagements would affect our independence to act as the Independent Financial Adviser. Except for the Past Engagements, we have not acted as an independent financial adviser or financial adviser in relation to any transactions of the Company or its connected persons during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for 2025. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Non-Exempt Continuing Connected Transactions for 2025, and accordingly, are eligible to give independent advice and recommendations on the Non-Exempt Continuing Connected Transactions for 2025. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties that could reasonably be regarded as relevant to our independence.

## **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have considered and reviewed, among other things:

- (i) the Framework Agreements for the Non-Exempt Continuing Connected Transactions;
- (ii) the Circular;

- (iii) the annual report of the Company for the financial year ended 31 December 2023 (the “**Annual Report 2023**”) and the interim report of the Company for the six months ended 30 June 2024 (the “**Interim Report 2024**”); and
- (iv) the relevant market data and information available from public sources and the website of the Stock Exchange.

We have also relied on all relevant information and representations supplied, and the opinions expressed, by the Directors and the management of the Company (collectively, the “**Management**”) and discussed with them about the underlying assumptions in relation to the Non-Exempt Continuing Connected Transactions for 2025. We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as the date thereof. Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which make any statement in the Circular misleading. We have found no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management, and they have confirmed that no material information have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading. Based on the reasonable steps we have taken as mentioned above, we have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, nor have we conducted an independent investigation into the business affairs, operations, financial position or future prospects of each of the Company, and any of their respective subsidiaries and associates and parties acting in concert with them.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for 2025, we have taken into account the following principal factors and reasons.

### **1. Information of the Group**

#### **1.1. Background information of the Group**

The Group is principally engaged in supply chain management services for automobiles and automobile raw materials, components and parts. Such services include finished vehicle transportation and related logistics services, automobile raw materials and components and parts supply chain management services, tire sub-packaging and after sales logistics services, among others. Besides, the Company also provides non-automobile commodities transportation services.

## 1.2. Financial information of the Group

Set out below is a summary of the financial information of the Group for the two financial years ended 31 December 2022 (“FY2022”) and 31 December 2023 (“FY2023”) as extracted from the Annual Report 2023, and the six months ended 30 June 2023 (“HY2023”) and 30 June 2024 (“HY2024”) as extracted from the Interim Report 2024:

	<b>FY2022</b>	<b>FY2023</b>	<b>HY2023</b>	<b>HY2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	7,720,202	7,968,998	3,984,312	4,165,153
Operating profit	66,535	75,146	25,817	42,631
Net profit attributable to shareholders of parent	38,482	56,447	28,135	29,260

	<b>As at 31 December 2022</b>	<b>As at 31 December 2023</b>	<b>As at 30 June 2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Non-current assets	1,341,713	1,504,505	1,481,158
Current assets	3,573,957	3,669,907	3,900,827
Total assets	4,915,670	5,174,412	5,381,985
Non-current liabilities	196,476	255,306	222,443
Current liabilities	2,557,321	2,729,542	2,972,249
Total liabilities	2,753,797	2,984,848	3,194,692
Net assets	2,161,873	2,189,564	2,187,293

### *Comparison between FY2022 and FY2023*

Revenue of the Group increased by approximately 3.2% from approximately RMB7,720.2 million for FY2022 to approximately RMB7,969.0 million for FY2023, which was mainly attributable to the increase of the sales volume of vehicles of the Group’s major customer, Changan Automobile and its associates and thus their increase in demand for the Group’s finished vehicles transportation services and supply chain management services of automobile raw materials and components and parts, partially offset by the decrease in the revenue from non-automobile commodities transportation services. Changan Automobile and its associates contributed approximately 65.1% and 67.5% of the Group’s revenue for FY2022 and FY2023, respectively.

The Group’s cost of operations amounted to approximately RMB7,322.2 million and RMB7,597.7 million for FY2022 and FY2023 respectively. Net profit attributed to the shareholders of parent of the Group increased by approximately 46.7% from approximately RMB38.5 million for FY2022 to approximately RMB56.4 million for FY2023, which was mainly attributable to the increase of the revenue as mentioned above and the decrease in administrative expenses, in particular, employee’s salary, partially offset by the increase in research and development expenses.

*Comparison between HY2023 and HY2024*

Revenue of the Group increased by approximately 4.5% from approximately RMB3,984.3 million for HY2023 to approximately RMB4,165.2 million for HY2024, which was mainly attributable to the growth of the automobile industry, which have led to an increase of the sales volume of vehicles of Changan Automobile and its associates and thus their increasing demand for the Group's services. Changan Automobile and its associates contributed approximately 62.9% and 63.5% of the Group's revenue for HY2023 and HY2024, respectively.

The Group's cost of operations amounted to approximately RMB3,809.4 million and RMB3,974.3 million for HY2023 and HY2024 respectively. Net profit attributed to the shareholders of the parent of the Group increased by approximately 4.0% from approximately RMB28.1 million for HY2023 to approximately RMB29.3 million for HY2024, which was mainly attributable to the increase of the revenue as mentioned above.

*Assets and liabilities*

As at 30 June 2024, total assets of the Group was approximately RMB5,382.0 million, of which accounts receivable and fixed assets amounted to approximately RMB1,740.1 million and RMB704.8 million, representing approximately 32.3% and 13.1% of total assets of the Group, respectively. Total liabilities of the Group as at 30 June 2024 was approximately RMB3,194.7 million, of which accounts payable amounted to approximately RMB1,785.5 million or accounting for approximately 55.9% of total liabilities of the Group. The Group's net assets remained relatively stable at approximately RMB2,161.9 million, RMB2,189.6 million and RMB2,187.3 million as at 31 December 2022, 31 December 2023 and 30 June 2024 respectively.

**1.3. Outlook of the Group**

The Group's business performance is driven by the China's automobile market. Although under the challenges such as intensified competition resulting in the carmakers taking price reduction and the complicated domestic and international economic environment, China's automobile market has demonstrated a growth in 2024, with the new energy vehicles market continuing to grow rapidly while the traditional fuel vehicles market facing a huge downward pressure. The growth of the industry has also been driven by a series of policies implemented by PRC government, such as providing subsidies for the purchase of new cars to replace old ones, subsidies for the purchase of new energy cars in the rural areas, etc., while the effect of COVID-19 was not the main cause for the industry growth according to the information published by China Association of Automobile Manufacturers ([http://www.caam.org.cn/chn/4/cate\\_154/con\\_5236619.html](http://www.caam.org.cn/chn/4/cate_154/con_5236619.html)), which is a social organisation founded with the approval of the Ministry of Civil Affairs of the People's Republic of China, consisted of over 3,000 members of enterprises and institutions as well as organisations engaged in production and management of automobiles, auto parts and vehicle-related industries in China. According to the data published by China Association of Automobile Manufacturers ([http://www.caam.org.cn/chn/4/cate\\_154/con\\_5236619.html](http://www.caam.org.cn/chn/4/cate_154/con_5236619.html)), from January to December 2024, the total sales volume of automobiles in China was approximately 31.4 million, representing a year-on-year growth of approximately 4.5%, while the total sales volume of new energy cars in China was approximately 12.9 million, representing a strong increase of approximately 35.5% year-on-year. In addition, the export volume of automobiles in China has reached approximately 5.9 million from January to December 2024, with a strong year-on-year growth of approximately 19.3%, demonstrating a rising competitiveness of Chinese brands in overseas market. The growth of the automobile industry is conducive to the development of the automobile logistics industry in China.

With reference to the 2024 Interim Report, the Group will focus on ensuring stable growth, while mitigating risk and promoting reforms in the second half of 2024, with the goal to become a first-class green intelligent logistics and supply chain service provider. Taking into account the historical growth in revenue and profit of the Group for recent financial years / periods as discussed in section 1.2 above, and the growth in the PRC automobile industry as discussed above, we expect that the business performance of the Group will experience a steady growth in the near term.

## **2. The Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions**

As mentioned in the 2023 Announcement and 2024 Circular, on 30 October 2023, the Company entered into the following framework agreements, each for a term of three years commencing on 1 January 2024 and expiring on 31 December 2026:

- (1) the framework agreement with Changan Automobile, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) to Changan Automobile and its associates;
- (2) the framework agreement with China Changan, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) to China Changan and its associates;
- (3) the framework agreement with Minsheng Industrial, pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates; and
- (4) the framework agreement with Zhuangbei Finance, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposit and loans, note discounting services.

The Framework Agreements for the Non-Exempt Continuing Connected Transactions are not inter-conditional with each other. The transactions contemplated under each of the Framework Agreements for the Non-Exempt Continuing Connected Transactions shall be conducted on a non-exclusive basis. Separate written agreement(s) setting out the detailed terms shall be, if required, entered into between the relevant parties for each Non-Exempt Continuing Connected Transaction. Payment of each Non-Exempt Continuing Connected Transaction will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contract(s) to be entered into pursuant to the relevant framework agreements.

### **2.1. Information of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance**

Changan Automobile produces and sells automobiles and is the major customer of the Group.

China Changan is primarily engaged in automobile and motorcycle production; automobile and motorcycle engines production; the design, development, production and sale of automobile and motorcycle components and parts; sale of optical devices, electronic optoelectronic devices, night vision devices information and communication devices and the relevant technical development, technical transfer, technical consultation, technical services and import and export business and consultation on assets merger and asset restructuring.

Minsheng Industrial engages in transportation via rivers and by sea.

Zhuangbei Finance is principally engaged in accepting enterprises deposit, and processing financial activities such as enterprise loan and fund raising as approved by NFRA. Zhuangbei Finance is a non-bank financial institution regulated by NFRA.

## **2.2. Reasons for and benefits of the Non-Exempt Continuing Connected Transactions for 2025**

### ***2.2.1. Logistics services provided by the Group to Changan Automobile and its associates***

Since the establishment of the Company, the Group has had maintained a business relationship with Changan Automobile. Provision of logistics services to Changan Automobile and its associates by the Group occupies a major portion of the Group's business, thus contributing significantly to the revenue of the Group. As such, the Company believes that it is essential to maintain the provision of logistics services by the Group to Changan Automobile and its associates to maintain such source of revenue.

According to the announcement of Changan Automobile, for the year ended 31 December 2024 ("FY2024"), the sales volume of Changan Automobile reached approximately 2.68 million vehicles, representing an increase of approximately 5.12% as compared with 2023. The Management expected that the logistics demand of Changan Group will increase taking into account the sales performance of the Changan Automobile's products, the new cars models released recently and the expansion plan of Changan Automobile in Thailand by setting up a base for new energy cars there, among others. Since September 2024, Changan Automobile has released new models, including the Deepal L07, Avita 07, Qiyuan E07, the fourth-generation CS75PLUS, Changan Kaicheng V989 and so on. Therefore, the Board is of the view, and we concur, that the continuing connected transaction with respect to the provision of logistics services to Changan Automobile and its associates is in the interests of the Company and its Shareholders as a whole, and is in the ordinary and usual course of business of the Group.

### ***2.2.2. Logistics services provided by the Group to China Changan and its associates***

According to the Letter from the Board, the Group's development strategies include (i) taking root in automobile logistics, which is the foundation of the Group, and continuously consolidating the existing traditional business and further exploring the rest of the logistics demand of Changan Group by improving the Group's logistics technology, service quality and logistics network; (ii) taking advantage of the comparatively strong service capacity of the Group in the domestic automobile logistics market to explore automobile logistics business with non-related parties; and (iii) gradually exploring non-automobile logistics business on top of the automobile logistics business to diversify the revenue portfolio of the Group.

China Changan is a large enterprise with businesses mainly ranging from parts and components to automobile retail, including parts production such as automobile engines, transmissions, power components, chassis, shock absorbers, supercharges, pistons and so on. The Group stepped up efforts in exploring the parts business of China Changan and its associates ever since China Changan became one of the substantial shareholders of the Company. Currently, the Group has established steady business relationships with several member companies of China Changan, by providing logistics services such as automobile parts distribution, transportation, storage, etc. By leveraging the existing business relationship with Changan Group, the Management anticipated that the Group can establish more business contact with Changan Group and can tap into the market potentials presented by China



Changan and its associates, thereby increasing business sources and maximising revenue of the Group. Therefore, the Board is of the view, and we concur, that the continuing connected transaction with respect to the provision of logistics services to China Changan and its associates is in the interests of the Company and its Shareholders as a whole, and is in the ordinary and usual course of business of the Group.

### ***2.2.3. Logistics services provided to the Group by Minsheng Industrial and its associates***

According to the Letter from the Board, the Group is an automobile logistics service provider for providing comprehensive logistics solution to customers but it currently does not have any vessel or enough freight carriers to ensure an independent operation of business. Therefore, the Group needs to purchase logistics services from suppliers with sufficient transportation capacity and logistics facilities and equipment. Minsheng Industrial is equipped with ro-ro ships of various volumes and car transporters that has extensive, well-established logistics network across the country. In addition, Minsheng Industrial and its associates have been providing various logistics services such as waterway transportation of cars and car components and parts, finished vehicles transportation by road, customs clearance, container transportation, etc. for many years.

The purchase of logistics services from Minsheng Industrial and its associates would support the smooth running of the Group's primary business and enable the Group to provide its customers with quality services and maximise revenue. Based on the above, the Board is of the view, and we concur, that the continuing connected transaction with respect to the provision of logistics services to the Group by Minsheng Industrial and its associates is in the interest of the Company and its Shareholders as a whole, and is in the ordinary and usual course of business of the Group.

### ***2.2.4. Deposit transaction between the Group and Zhuangbei Finance***

Zhuangbei Finance is a non-banking financial institution in the PRC as approved by NFRA and is established with capital contribution from member companies of CSGC for purpose of centralising capital management and optimising capital efficiency within the CSGC. According to the Letter from the Board, Zhuangbei Finance has been providing financial services for member companies of CSGC for years and the major customers of the Group are member companies within CSGC and they all have maintained accounts with Zhuangbei Finance. It would reduce the time costs and finance cost if the Company deposits and conducts note discounting services with, and/or to obtain loan advancement from, Zhuangbei Finance. Moreover, Zhuangbei Finance offers more favourable terms and comparatively less finance fees and charges than those payable to external banks in the PRC. According to the Letter from the Board, the service fees charged or to be charged by normal commercial banks for the provision of settlement services, including account management, online banking system management, confirmation, etc. are free of charge to Zhuangbei Finance, which would reduce the finance costs of the Group.

Zhuangbei Finance is regulated by the PBOC and the NFRA and provides its services in accordance with and in compliance of the rules and operational requirements of these regulatory authorities. The pricing policies of Zhuangbei Finance are subject to guidelines set by PBOC. Based on our review of public records on NFRA website (<https://xkz.cbirc.gov.cn/jr/>), we noted that the relevant licenses and permits of Zhuangbei Finance remain valid and effective as at the Latest Practicable Date, and we did not notice any non-compliance records of Zhuangbei Finance.

Based on our discussion with the Management and review of bank records, we understand that the Group has also maintained deposits in several other licensed banks such as China Merchants Bank,

China Construction Bank, Industrial and Commercial Bank of China, etc. Therefore, we consider that the entering into of the framework agreement regarding deposit transaction with Zhuangbei Finance provides the Group an additional option in allocating deposits among the regulated financial institutions for reducing the financial risks of capital overconcentration, while retaining the benefits of efficient financial settlement. Based on the above, we are of the view that the deposit transaction with Zhuangbei Finance is in the interest of the Company and its Shareholders as a whole, and is in the ordinary and usual course of business of the Group.

### **2.3. Principal terms of the Non-Exempt Continuing Connected Transactions for 2025**

To assess the fairness and reasonableness of the terms of the Framework Agreements for the Non-Exempt Continuing Connected Transactions 2025, we have considered the following:

#### ***2.3.1. Logistics services provided by the Group to Changan Automobile and its associates***

According to the terms of the framework agreement with Changan Automobile, the pricing of the logistics services to be provided by the Group is market driven and shall be no less favourable to the Group than the pricing provided to Independent Third Parties for similar services. The transactions contemplated under the framework agreement shall be conducted on a non-exclusive basis. According to the Group's pricing policy, the pricing of the services provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, the principles and order below:

##### *(1) Bidding price*

The price will be arrived at by bidding process in principle. The bidding price shall be a price conducted after a bidding procedure according to the PRC Bidding Law. The Company has also established the Bidding Quotation Process and Bidding Quote Management Procedures. Based on our review of such documents and the Letter from the Board, the Company's Enterprise Technical Center will draw up the technical and operation plans whereas the Marketing Management Center will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of our customers. Bidding representative of the Company will deliver the bidding offer and follow up on the bidding process. The Company will set up a working group to assist the bidding representative in response to the bidding before the bidding representative will finally be informed of the bidding results.

##### *(2) Internal compared price*

In determining the quote to be offered by the Group in internal compared pricing method, whenever practical and appropriate, the Company will comprehensively consider the feasibility of the project, and the Company's knowledge on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.

##### *(3) Cost-plus price*

For pricing to be determined with reference to a reasonable cost plus a reasonable profit margin, the Company will consider the labour cost, equipment operation cost, material inputs, etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location. When adopting the cost-plus approach to arrive at the price for provision of logistics services, the Group will initially

gather necessary information including the technical specification and operational requirements, etc. regarding the logistics services from potential customers. Based on the customers' requirements, the Group will devise the prices after having taken into account all the direct fixed and variable costs (cost of materials, labour cost, and other overhead expenses) associated with the services, with a mark-up to the cost. The mark-up represents the gross profit of the Group.

If the Group does not have a choice in the pricing policy, the Group will endeavor to determine the price(s) based on cost-plus basis to ensure that the Group can achieve a reasonable profit in participating in the project(s).

For each pricing methodology above (i.e. bidding price, internal compared price and cost-plus price), we have obtained and reviewed the documents in relation to the pricing process for one sample transaction randomly selected during FY2022, FY2023 and the 11 months ended 30 November 2024 ("11MFY2024") for the logistics services provided by the Group to Changan Automobile and its associates. During this review exercise, nothing has come to our attention that the Group's pricing policy had not been adhered to. Considering that (i) the sample transaction was selected on a random basis and we did not set other criteria in the sampling process; and (ii) the Group has been providing logistics services to Changan Automobile for a number of years under a consistent pricing policy, we consider the number of samples sufficient to provide fair and representative samples for our assessment.

Based on the above, we are of the view that, the Group's provision of logistics services to Changan Automobile and its associates has in the past been carried out at arm's length and is in accordance with the Company's internal pricing policy. We are also of the view that the transaction terms are normal commercial terms, and are fair and reasonable.

### ***2.3.2. Logistics services provided by the Group to China Changan and its associates***

According to the terms of the framework agreement with China Changan, the pricing of the logistics services to be provided by the Group is market driven and shall be no less favourable to the Group than the pricing provided to Independent Third Parties for similar services. The transactions contemplated under the framework agreement shall be conducted on a non-exclusive basis. The pricing policy for services provided under the agreement is the same as those discussed under section 2.3.1 above.

We have obtained and reviewed the documents in relation to the internal compared pricing process for one sample transaction randomly selected during FY2022, FY2023 and 11MFY2024 for the logistics services provided by the Group to China Changan and its associates. During this review exercise, nothing has come to our attention that the Group's pricing policy had not been adhered to. Considering that (i) the sample transactions were selected on a random basis and we did not set other criteria in the sampling process; and (ii) the Group has been providing logistics services to China Changan for a number of years under a consistent pricing policy, we consider the number of samples sufficient to provide fair and representative samples for our assessment. Based on our discussion with the Management, we understand that there was no transaction which has adopted the bidding pricing and cost-plus pricing methodology in respect of the provision of logistics services by the Group to China Changan and its associates during FY2022, FY2023 and 11MFY2024.

Based on the above, we are of the view that, the Group's provision of logistics services to China Changan and its associates has in the past been carried out at arm's length and is in accordance with the Company's internal pricing policy. We also consider that the transaction terms are normal

commercial terms, and are fair and reasonable.

### ***2.3.3. Logistics services provided to the Group by Minsheng Industrial and its associates***

According to the terms of the framework agreement with Minsheng Industrial, the pricing of the logistics services to be provided to the Group by Minsheng Industrial and its associates shall be no less favourable to the Group than the pricing provided from Independent Third Parties for similar services. The transactions contemplated under the framework agreement shall be conducted on a non-exclusive basis. According to the Group's pricing policy, the pricing of the services provided under the agreement shall be determined in accordance with the principles and order below:

#### *(1) Bidding price*

The price will be arrived at by bidding process in principle. The bidding price shall be a price conducted after a bidding procedure according to the PRC Bidding Law. The Group has established the Bidding Quote Management Procedures. Based on our review of such document and the Letter from the Board, in terms of procurement through bidding, the Company shall publish announcements at such public media as China Bidding to invite bidders. The Group will screen and select bidders whom the Group considers can undertake the procurement with relevant qualification and capability.

#### *(2) Internal compared price*

The price will be determined by the Company or its subsidiaries (as the case may be) by comparing internally the quote offered by Minsheng Industrial or its associate (as the case may be) and the quote offered by at least two Independent Third Parties or the price of services of similar nature purchased by independent third parties. In terms of internal compared pricing, the Group will choose the lowest quotes offered among the eligible participants as its procurement price. Pursuant to the Compared Pricing Management Procedures, in terms of internal compared pricing, the Group shall compare quotes provided by or the price of services of similar nature purchased by at least two Independent Third Parties.

In relation to each bidding pricing and internal compared pricing methodology above, we have obtained and reviewed the documents in relation to the pricing process for one sample transaction randomly selected during FY2022, FY2023 and 11MFY2024 for the logistics services provided by the Minsheng Industrial and its associates to the Group. During this review exercise, nothing has come to our attention that the Group's pricing policy had not been adhered to. Considering that (i) the sample transactions were selected on a random basis and we did not set other criteria in the sampling process; and (ii) the Group has been purchasing logistics services from Minsheng Industrial for a number of years under a consistent pricing policy, we consider the number of samples sufficient to provide a fair and representative sample for our assessment.

According to the Letter from the Board, at present, there are only a few suppliers who have the qualification and capability to provide Yangtze River automobile related transportation services. Therefore, to increase procurement efficiency and ensure the reasonableness of prices, the Company usually adopts the internal compared pricing policy for selection of its water transportation supplier.

Based on the above, we are of the view that, the provision of logistics services to the Group by Minsheng Industrial and its associates has in the past been carried out at arm's length and is in accordance with the Company's internal policies. We also consider that the transaction terms are normal commercial terms, and are fair and reasonable.

#### 2.3.4. *Deposit transaction between the Group and Zhuangbei Finance*

As Zhuangbei Finance is a regulated financial institution, the pricing policies of Zhuangbei Finance are subject to guidelines set by PBOC. According to the terms of the framework agreement and the Group's pricing policy, the interest rates for Deposits placed by the Group shall not be lower than (i) the relevant benchmark interest set by PBOC; and (ii) the interest rates provided by other independent commercial banks in the PRC for deposits of similar nature and under similar terms.

In relation to the above, we have obtained and reviewed the latest agreement between the Group and Zhuangbei Finance which sets out the interest rate for current account deposits. We noted that the agreed interest rate was higher than (i) the relevant benchmark interest set by PBOC (<http://www.pbc.gov.cn/zhengcehuobisi/125207/125213/125440/125838/125885/125896/index.html>); and (ii) the interest rates published by other independent commercial banks that the Group had maintained a bank account for similar nature of deposits (including Industrial and Commercial Bank of China Limited (<https://icbc.com.cn/column/1438058341686722587.html>), China Construction Bank Limited ([https://store.ccb.com/chn/personal/interestv3/rmbdeposit\\_dw.shtml](https://store.ccb.com/chn/personal/interestv3/rmbdeposit_dw.shtml)), Bank of China Limited ([https://www.boc.cn/fimarkets/lilv/fd31/202410/t20241018\\_25175416.html](https://www.boc.cn/fimarkets/lilv/fd31/202410/t20241018_25175416.html)), China Merchants Bank Co., Ltd. (<https://fin.paas.cmbchina.com/fininfo/firmrate>) and Shanghai Pudong Development Bank Limited (<https://per.spdb.com.cn/rate>)).

In addition, pursuant to the framework agreement, Zhuangbei Finance undertakes to the Company that it will:

- (i) provide to the Company, at any time, financial services with terms which are no less favourable than for comparable financial services provided to members of CSGC and those of the comparable financial services the Company may obtain from other financial institutions;
- (ii) ensure that the Financial Operation Licence (金融許可證) and other business permits, approvals and filings etc. have been lawfully obtained by Zhuangbei Finance and will remain valid and effective;
- (iii) ensure the safe operations of its fund settlement and clearance network, assure the safety of funds, control the risk exposure and safety of the Deposit and will satisfy the requirements for the payment of the Deposit;
- (iv) ensure the strict compliance with the risk monitoring indicators for financial institutions promulgated by the NFRA and that the major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the NFRA and other relevant laws and regulations;
- (v) report its business and financial positions to the Company twice a year, co-ordinate with the auditors of the Company in the course of their audit work to enable the Company to fulfill the requirements of the Listing Rules; and
- (vi) on happening of new, or special event that may possibly affect the Company, Zhuangbei Finance shall proactively inform the Company on a timely basis.

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**LETTER FROM QUAM CAPITAL LIMITED**

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Based on the above, we are of the view that the interest of the Group under the deposit transaction with Zhuangbei Finance is safeguarded by the terms of the framework agreement and we also consider that the terms are normal commercial terms, and are fair and reasonable.

#### **2.4. Annual Caps**

The table below sets out the historical transaction amounts of the Non-Exempt Continuing Connected Transactions for FY2022, FY2023 and FY2024, the annual caps for the respective year and the respective Proposed Cap for the year ending 31 December 2025 (“FY2025”):

	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<i><u>Logistics services provided by the Group to Changan Automobile and its associates</u></i>			
Transaction amount	5,029,170,000	5,378,349,713	5,759,690,000
Annual cap for the year	6,000,000,000	7,000,000,000	7,000,000,000
Utilisation rate	83.8%	76.8%	82.3%
Proposed Cap for FY2025	7,500,000,000		
<i><u>Logistics services provided by the Group to China Changan and its associates</u></i>			
Transaction amount	170,920,000	197,864,541	241,410,000
Annual cap for the year	210,000,000	210,000,000	300,000,000
Utilisation rate	81.4%	94.2%	80.5%
Proposed Cap for FY2025	500,000,000		
<i><u>Logistics services provided to the Group by Minsheng Industrial and its associates</u></i>			
Transaction amount	248,340,000	248,401,481	214,190,000
Annual cap for the year	250,000,000	450,000,000	450,000,000
Utilisation rate	99.3%	55.2%	47.6%
Proposed Cap for FY2025	400,000,000		
<i><u>Deposit transaction between the Group and Zhuangbei Finance</u></i>			
Maximum amount of Deposit (including interests) on a daily basis	199,582,000	189,363,397	188,130,000
Annual cap for the year	200,000,000	190,000,000	200,000,000
Utilisation rate	99.8%	99.8%	94.1%
Proposed Cap for FY2025	240,000,000		

**2.4.1. Logistics services provided by the Group to Changan Automobile and its associates**

With reference to the Letter from the Board, the Proposed Cap for the provision of logistics services to Changan Automobile and its associates by the Group was determined after having considered (i) the unaudited transaction amount with Changan Automobile and its associates in FY2024 of approximately RMB5.76 billion; (ii) the projected level of the incremental transaction amount in FY2025 of approximately RMB0.90 billion; and (iii) a moderate buffer.

To assess the fairness and reasonableness of the Proposed Cap, we have discussed with the Management about the basis and underlying assumptions. Having considered that:

- (i) the unaudited historical transaction amount for FY2024 of approximately RMB5.76 billion, and taking into account the growth in sales volume of Changan Automobile of approximately 5.12% for FY2024 as compared with FY2023;
- (ii) the projected increase in transaction amount for FY2025 of approximately RMB0.90 billion was mainly determined based on the Group's understanding on the business plans of Changan Automobile and its associates after their discussion with the management of the Changan Group. As disclosed in the Letter from the Board, the Management expected that (a) the export volume of Changan Automobile by sea will increase to 370,000 units in FY2025 from 270,000 units in FY2024, representing a growth rate of approximately 40%; (b) the base of Changan Automobile in Thailand for new energy cars will be put into production in the first quarter of 2025, with an annual production capacity of 100,000 vehicles; and (c) the Group's plan to promote tyre integration and package integration at the bases of Changan Automobile in Chongqing, Nanjing, Hangzhou and Hefei in 2025 to develop integrated businesses in the four segments including front-end transportation, warehousing and storage operation, tyre assembly, and sorting and distribution will generate revenue of close to RMB0.1 billion; and
- (iii) a moderate buffer amount of approximately RMB0.84 billion is fair and reasonable in light of the inherent volatility of the auto market and the potential increase in transaction amount arising from the launch of new models of Changan Automobile.

We are of the view that the Proposed Cap for 2025 for the logistics services provided by the Group to Changan Automobile and its associates has been determined on a fair and reasonable basis. In addition, we noted that the historical annual caps for this transaction for FY2022, FY2023 and FY2024 were mostly utilised, which indicates that the historical caps have also been fairly and reasonably arrived at by the Group.

**2.4.2. Logistics services provided by the Group to China Changan and its associates**

With reference to the Letter from the Board, the Proposed Cap for the provision of logistics services to China Changan and its associates by the Group was determined after having considered (i) the unaudited transaction amount with China Changan and its associates in FY2024 of approximately RMB241 million; (ii) the projected increase in transaction amount for FY2025 of approximately RMB170 million; and (iii) a moderate buffer.

To assess the fairness and reasonableness of the Proposed Cap, we have discussed with the

Management about the basis and underlying assumptions. Having considered that:

- (i) the unaudited historical transaction amount for FY2024 of approximately RMB241 million;
- (ii) the projected increase in transaction amount for FY2025 of approximately RMB170 million was mainly determined based on the Group's understanding on the business plans of Changan Automobile and its associates after their discussion with the management of the Changan Group. As disclosed in the Letter from the Board, the Management expected that the projected increase in transaction amount will be mainly derived from the Group's expansion plans in the business of in-plant logistics, finished products transportation and solutions on transformation to intelligent logistics of customers; and
- (iii) a moderate buffer amount of approximately RMB89 million is fair and reasonable in view of the fluctuations of the transaction amount with China Changan and its associates.

We are of the view that the Proposed Cap for 2025 for the logistics services provided by the Group to China Changan and its associates has been determined on a fair and reasonable basis. In addition, we noted that the historical annual caps for this transaction for FY2022, FY2023 and FY2024 were mostly utilised, which indicates that the historical caps have also been fairly and reasonably arrived at by the Group.

#### ***2.4.3. Logistics services provided to the Group by Minsheng Industrial and its associates***

With reference to the Letter from the Board, the Proposed Cap for the provision of logistics services to the Group by Minsheng Industrial and its associates was determined after having considered (i) the unaudited transaction amount with Minsheng Industrial and its associates in FY2024 of approximately RMB214 million; (ii) the projected level of the incremental transaction amount in FY2025 of approximately RMB70 million; and (iii) a moderate buffer.

To assess the fairness and reasonableness of the Proposed Cap, we have discussed with the Management about the basis and underlying assumptions. Having considered that:

- (i) the unaudited historical transaction amount for FY2024 of approximately RMB214 million;
- (ii) the projected increase in transaction amount for FY2025 of approximately RMB70 million was mainly determined based on the Group's understanding on the business plans of Changan Automobile after their discussion with the management of the Changan Group, considering that the demand for the logistics services provided by Minsheng Industrial is mainly driven by the logistics demand from Changan Automobile. As disclosed in the Letter from the Board, the Management expected that an incremental transaction amount will be mainly derived from the increase in export volume of Changan Automobile by sea to 370,000 units in 2025 from 270,000 units in 2024, with a growth rate of approximately 40%; and
- (iii) a moderate buffer amount of approximately RMB116 million is fair and reasonable in view of (a) the fluctuations in oil prices which may potentially affect the water transport cost. During FY2024, the daily closing WTI crude oil prices have fluctuated between US\$65.75 per barrel and US\$86.91 per barrel; and (b) the potential increase in logistics demand from Changan Automobile and its associates as discussed under section 2.4.1 above.



Based on the above, we are of the view that the Proposed Cap for the logistics services provided to the Group by Minsheng Industrial and its associates has been determined on a fair and reasonable basis.

#### ***2.4.4. Deposit transactions between the Group and Zhuangbei Finance***

With reference to the Letter from the Board, the Proposed Cap for the deposit transactions between the Group and Zhuangbei Finance (i.e. the maximum amount of Deposit (including interests) on a daily basis) was determined after having considered (i) the historical maximum daily outstanding balance of Deposit placed by the Group in Zhuangbei Finance in FY2024 and the utilisation rate for the annual cap for FY2024; and (ii) the unaudited total deposit of approximately RMB1.14 billion held by the Group as at 31 December 2024 and as such, the Proposed Cap represents approximately 20% of such total deposit amount of the Group. By allocating the Group's cash among Zhuangbei Finance and other licensed banking institutions in the PRC, the Group is able to reasonably reduce the financial risks of capital overconcentration while retaining the benefit of financial settlement through Zhuangbei Finance.

To assess the fairness and reasonableness of the Proposed Cap, we have discussed with the Management about the basis and underlying assumptions. Having considered that the historical maximum amount of Deposit (including interests) on a daily basis for FY2022, FY2023 and FY2024 remained relatively stable at approximately RMB188 million to RMB200 million, we are of the view that the Proposed Cap for the deposit transactions between the Group and Zhuangbei Finance of RMB240 million has been determined on a fair and reasonable basis.

Independent Shareholders should note that the Proposed Caps represent an estimate based on information currently available and that the actual utilisation and sufficiency of the Proposed Caps would depend on a number of factors, including but not limited to, the actual demand of the Group's services. The Proposed Caps have no direct relationship to, nor should be taken to have any direct bearing on, the Group's financial or potential financial performance.

### **3. INTERNAL CONTROL MEASURES**

As discussed under section 2.3 above, the Company has adopted internal control measures to ensure that the Non-Exempt Continuing Connected Transactions for 2025 are carried out in accordance with the Group's pricing policies and to ensure the transactions are conducted on normal commercial terms.

In addition, as stated in the Letter from the Board, the Company has also adopted other internal control measures to safeguard the interest of the Company and the Shareholders as a whole. For example, the external auditors of the Company will conduct an interim review and year-end audit for each financial year, and will issue their opinion and letter to the Board in relation to the pricing policies and annual caps of the continuing connected transactions of the Company conducted during the preceding financial year pursuant to the Listing Rules. In addition, according to the Listing Rules, the independent non-executive Directors of the Company will conduct an annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm the transactional amounts and terms of the transactions in the annual report of the Company.

According to the Annual Report 2023, we noted that the Company had received confirmation letters from the independent non-executive Directors in March 2024 that the continuing connected transactions of the Company for FY2023 were (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the

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## LETTER FROM QUAM CAPITAL LIMITED

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Company as a whole. Further, the Board also confirmed that the external auditor of the Company has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions for FY2023.

For details of all relevant internal control measures of the Group, please refer to the Letter from the Board. We are of the view that appropriate measures have been in place to govern that the Non-Exempt Continuing Connected Transactions for 2025 will be conducted in the interest of the Company and its Shareholders as a whole.

### **RECOMMENDATIONS**

Having considered the above principal factors and reasons, we are of the view that (i) the entering into of the Non-Exempt Continuing Connected Transactions for 2025 is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Independent Shareholders as a whole; (ii) the terms of the Non-Exempt Continuing Connected Transactions for 2025 are normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned; and (iii) the Proposed Cap in respect of each of the Non-Exempt Continuing Connected Transactions for 2025 have been fairly and reasonably arrived at.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution(s) to approve each of the Non-Exempt Continuing Connected Transactions for 2025 (including the Proposed Cap for each of the Non-Exempt Continuing Connected Transactions for 2025) at the EGM.

Yours faithfully,  
For and on behalf of  
**Quam Capital Limited**  
**Leo Chan**  
Head of Corporate finance

*Mr. Leo Chan is the Head of Corporate Finance of Quam Capital Limited and is licensed under the SFO as a Responsible Officer to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Chan has approximately 28 years of experience in corporate finance.*

## 1. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes to the annual accounts for the last financial year of the Group.

The audited consolidated financial statements of the Group for the three years ended 31 December 2021, 2022 and 2023, and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 have been disclosed in the following documents which have been published and are available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company (<http://www.camsl.com>):

- Annual report of the Company for the year ended 31 December 2021 published on 28 April 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800866.pdf>), please refer to pages 59 to 150.
- Annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700878.pdf>), please refer to pages 59 to 166.
- Annual report of the Company for the year ended 31 December 2023 published on 26 April 2024 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042600920.pdf>), please refer to pages 70 to 211.
- Interim report of the Company for the six months ended 30 June 2024 published on 13 September 2024 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0913/2024091300509.pdf>), please refer to pages 2 to 37.

## 2. WORKING CAPITAL

The Directors, after due and careful consideration and having taking into account the currently available internal resources of the Group, are of the opinion that the working capital available to the Group is sufficient for the Group's requirements for at least twelve months from the date of publication of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

## 3. INDEBTEDNESS

As at the close of business on 30 November 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness as follows:

- (i) lease liabilities represent payment for right of using underlying assets, of which RMB126,413,107.24 of the lease liabilities were unsecured, unguaranteed, and repayable within more than one year and RMB59,414,114.54 were unsecured, unguaranteed and repayable within one year;

- (ii) long-term borrowings of RMB22,807,629.43, all of which were owed by a non-wholly owned subsidiary of the Company, i.e. Chongqing Changzu Feiyue Technology Co., Ltd.\* and were unguaranteed and unsecured; and
- (iii) bills payable with an aggregate amount of approximately RMB30,000,000 were secured by the pledged deposits of RMB3,425,000 and not guaranteed.

Save as disclosed above, as at the close of business on 30 November 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, apart from intra-group liabilities and normal trade payables in the normal course of business, the Group did not have any secured or guaranteed debts, debt securities (issued and outstanding, or authorised or otherwise created but unissued), term loans, borrowings or similar indebtedness, including bank overdrafts, liabilities under acceptance (other than normal trade bills), acceptance credits, obligation under a hire-purchase contract, mortgages, charges, guarantee or other material contingent liabilities.

#### 4. FINANCIAL AND TRADING PROSPECTS

From a global perspective, changes in energy prices, foreign exchange rate fluctuations, the Russia-Ukraine conflict and the tightening of monetary policy in the US, hold back economic growth in terms impacting economic recovery, commodity prices and market liquidity. From a domestic perspective, achieving stable growth and smooth operations remains a challenging goal. The Chinese government will continue to implement proactive fiscal policies and prudent monetary policies and intensify macro-control efforts to promote a sustained recovery of the economy. At the same time, more attention will be paid to solve structural problems to promote high-quality economic development.

In 2024, China's automobile market, although facing certain challenges, still showed a certain growth trend, with the characteristics of the new energy vehicles market continuing to grow at a high speed and the traditional fuel vehicles market facing a huge downward pressure. As battery technology continues to advance and charging facilities expand, the range of new energy vehicles will be further improved and more consumers will choose to buy the new energy vehicles. Meanwhile, in June 2023, three government departments including the Ministry of Finance, the State Administration of Taxation, and the Ministry of Industry and Information Technology jointly issued the Announcement on Continuing and Optimizing the Policy for the Reduction of New Energy Vehicle Purchase Tax, stating that the validity of the policy of reduction and exemption of purchase tax of new energy vehicles will be extended to 31 December 2027 from 31 December 2023. It is expected that the new energy vehicles will continue to maintain rapid growth. On the whole, the demand for car consumption is still not strong enough to face the complicated domestic and international economic environments. The automobile industry is still facing the arduous tasks of stabilizing its growth, which should be boosted by continuing to adopt relevant policies for stabilizing economic growth and expanding demand for car consumption, so as to facilitate a smooth operation of the automobile industry. While with such great difficulties in the whole auto industry, the production and sales of new energy vehicles continues to present a high growth and the production and market share of Chinese passenger car brands increase significantly. Auto exports continued to grow rapidly, showing a rising international competitiveness of Chinese brands. However, high energy prices caused by the Russia- Ukraine conflict and the decision to impose a temporary countervailing duty on imports of electric vehicles from China by the EU are still problematic. With uncertainties in the international community and complex and changing domestic and international situations, the prospect of the auto industry needs to be viewed with caution.

In 2025, the Company will press ahead with a sense of urgency to achieve its goal by turning crises into opportunities and being proactive by quickly being involved in the battle of “ensuring stable growth, preventing risk and promoting reforms”. The Company will focus on being “strategy-oriented, goal-directed, problem-based and result-oriented” and be guided by the principles of “all for customers, all for market, all for frontline, and all for growth”. The Company will forge ahead and strive to achieve its annual operation goal so as to push itself towards being a first-class green intelligent logistics and supply chain provider.

## **1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this circular misleading.

## **2. DISCLOSURE OF INTERESTS**

### **(a) Directors and Supervisors of the Company**

As at the Latest Practicable Date, none of the Directors, chief executive and the Supervisors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position in which they would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### **(b) Substantial Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons, other than a Director, chief executive, or Supervisor of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of shares capital carrying rights to vote in all circumstances, at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of Shares	Percentage of Domestic Shares (non-H foreign Shares Included)	Percentage of H Shares	Percentage of Total Registered Share Capital
CSGC	Interest of a controlled corporation	41,225,600(L) (H Shares)	-	31.75%	25.44%
China Changan	Beneficial owner	41,225,600(L) (H Shares)	-	31.75%	25.44%
Kintetsu World Express, Inc.	Interest of a controlled corporation	32,399,200(L) (H Shares)	-	24.96%	19.99%
APLL	Beneficial owner	32,399,200(L) (H Shares)	-	24.96%	19.99%
Chongqing Luzuofu Equity Fund Management Co., Ltd.	Interest of a controlled corporation	32,219,200(L) (Domestic Shares and Non-H foreign Shares)	100.00%	-	19.88%
Minsheng Industrial (Note 1)	Beneficial owner	25,774,720(L) (Domestic Shares)	80.00%	-	15.90%
Minsheng Industrial	Interest of a controlled corporation	6,444,480(L) (Non-H foreign Shares)	20.00%	-	3.98%
Ming Sung (HK) (Note 1)	Beneficial owner	6,444,480(L) (Non-H foreign Shares)	20.00%	-	3.98%

Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial.

Note 2: (L) – long position.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the Shares and underlying shares of the Company as at the Latest Practicable Date as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no director or supervisor is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Division 2 and 3 of Part XV of the SFO:

*Directors*

- a. Che Dexi Executive Deputy General Manager of Minsheng Shipping Co., Ltd. (Note 3)
- b. Chen Wenbo Deputy General Manager of Minsheng Shipping Co., Ltd. (Note 3)

*Supervisors*

- c. Wang Huaicheng Supervisor of member companies of CSGC
- d. Ang Lai Fern Manager of Financial Accounting and Reporting in APLL Global Support Services (M) Sdn. Bhd. (Note 4)
- e. Yang Gang Director of Financial Department of Minsheng Shipping Co., Ltd. (Note 3)

Note 3: Minsheng Shipping Co., Ltd. is a non-wholly-owned subsidiary of Minsheng Industrial, with Minsheng Industrial holding its 80% equity interests and Shanghai International Port (Group) Co., Ltd. (上海國際港務(集團)股份有限公司) holding its 20% equity interest.

Note 4: APLL Global Support Services (M) Sdn. Bhd. is a wholly-owned subsidiary of APLL.

### 3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company and its subsidiaries since 31 December 2023, being the date to which the latest published audited accounts of the Company and its subsidiaries were made up to.

### 4. MATERIAL LITIGATION

#### Litigation 1

On 18 August 2022, Tongnan Branch of Chongqing Changan Minsheng Boyu Transportation Co., Ltd., a subsidiary of the Company (hereinafter referred to as “**Boyu Tongnan Branch**”), signed a goods transportation agreement with Zhongcun Trading Yunnan Co., Ltd. (hereinafter referred to as “**Zhongcun Trading**”) to provide coal transportation services. Boyu Tongnan Branch fulfilled all rights and obligations as agreed, but Zhongcun Trading did not fully pay the freight as agreed. On 8 September 2023, Boyu Tongnan Branch, Zhongcun Trading, and Zhongcun Coal Mine (hereinafter referred to as “**Zhongcun Coal Mine**”) reached a civil ruling under the jurisdiction of the Qilin District People’s Court of Qujing City, Yunnan Province, China ((2023) Yun 0302 pre-litigation surety 438), stipulating that Zhongcun Trading should pay Boyu Tongnan Branch RMB38,791,900 for transportation fees and RMB3,037,100 for funds occupation fees before 30 September 2023, totaling RMB41,829,000. Zhongcun Coal Mine assumes joint and several liability for the debt. On 6 September 2023, Boyu Tongnan Branch, Zhongcun Trading, and Zhongcun Coal Mine signed a coal pledging agreement, agreeing to pledge coal owned by Zhongcun Coal Mine to Boyu Tongnan Branch as collateral for the aforementioned debt. If Zhongcun Trading and Zhongcun Coal Mine fail to repay the



debt by 30 September 2023, Boyu Tongnan Branch has the right to dispose of the collateral to repay the debt, and the proceeds enjoy priority repayment rights.

Due to Zhongcun Trading's failure to pay the transportation fee and funds occupation fee as stipulated in the aforementioned civil ruling, totaling RMB41,829,000, on 6 November 2023, the Qujing Court formally accepted Boyu Tongnan Branch's application for execution (case No. (2023) Yun 0302 Execution 6293), requiring Zhongcun Trading to repay the debt and Zhongcun Coal Mine to assume joint guarantee responsibility for repaying the debt to Boyu Tongnan Branch.

Boyu Tongnan Branch obtained court orders to seal two land use rights owned by Zhongcun Coal Mine on 27 November 2023, and mining rights on 20 December 2023. As of 31 December 2023, Zhongcun Trading and Zhongcun Coal Mine have repaid RMB597,500 of the outstanding debt, and the remaining debt of RMB38,194,400 is under recovery. From January to June 2024, Zhongcun Trading repaid RMB3 million. The Company expects to recover the outstanding debt through judicial auctions of pledged assets and asset seizures.

Please refer to the announcement dated 13 November 2023 and the Litigation (i) referred to on Page 27 of the interim report for the six months ended 30 June 2024 published on 13 September 2024 for further details.

## Litigation 2

On 7 September 2023, Boyu Tongnan Branch and Yizhao Huasheng Logistics Co., Ltd. (hereinafter referred to as "**Yizhao Huasheng**") signed the "Cargo Transportation Agreement" (hereinafter referred to as "**Transportation Agreement**", number: S-BY-TN-2023-0010), and Yizhao Huasheng entrusted Boyu Tongnan Branch to provide road cargo transportation services. The contract is valid until 30 September 2024. On 12 September 2023, ELION Energy Co., Ltd. Dalad Branch (hereinafter referred to as "**ELION Dalad Branch**") issued a letter of guarantee to Boyu Tongnan Branch, setting forth the joint and several guarantee liability of the surety in respect of the transportation business under the Contract of Carriage (signed in September 2023 between Yizhao Huasheng and ELION Dalad Branch, No.: YLIN-DLTC-SHSYS-2023-11) incurred during the performance of the principal contract between the surety Yizhao Huasheng and Boyu Tongnan Branch. The guarantee period is six months from the date of expiration of the term of the obligation under the main contract.

After the signing of the aforesaid transportation agreement, Boyu Tongnan Branch has fulfilled the transportation obligations as agreed in the contract, but the accumulated freight of RMB18,306,300 incurred from November 2023 to February 2024 has not been paid by Yizhao Huasheng. On 6 May 2024, Boyu Tongnan Branch signed the "Freight Compensation Agreement" with Yizhao Huasheng and ELION Dalad Branch, which agreed that ELION Dalad Branch should pay to Boyu Tongnan Branch on behalf of Yizhao Huasheng within the payable range to repay the debt of Yizhao Huasheng, and pay no less than RMB500,000 per week since 6 May 2024. On 11 May 2024, the company paid the freight of RMB500,000 by way of bank acceptance bills and subsequently failed to pay the other amount in accordance with the compensation agreement. On 20 May 2024, Boyu Tongnan Branch filed a lawsuit with the Tongnan District People's Court of Chongqing Municipality, demanding that Yizhao Huasheng and ELION Dalad Branch pay the unpaid freight of RMB17,806,300. The court has accepted the case.

Please refer to the announcement dated 9 July 2024 and the Litigation (ii) referred to on Page 28 of the interim report for the six months ended 30 June 2024 published on 13 September 2024 for further details.

Save as disclosed above, as at the Latest Practicable Date, none of the Group was engaged in any material litigation or arbitration and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Group or to which any member of the Group may become a party.

## 5. CONSENT OF EXPERT

The following expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements and references to its name and logo in the form and context in which they are included:

<b>Name</b>	<b>Qualification</b>
Quam Capital Limited	Quam Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Quam Capital Limited was not beneficially interested in the share capital of the Company and its subsidiaries nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company and its subsidiaries.

As at the Latest Practicable Date, Quam Capital Limited did not have any direct or indirect interest in any assets which had been since 31 December 2023 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

## 6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company had entered into any service contract with the Company or its subsidiaries which does not expire or is not terminable by the Company and its subsidiaries within one year without payment of compensation, other than statutory compensation.

## 7. DIRECTORS' OR SUPERVISORS' INTERESTS IN THE COMPANY AND ITS SUBSIDIARIES' ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company had any interest in any assets which have been since 31 December 2023 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company

and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Company.

## 8. COMPETING INTERESTS

Before the listing of the H shares on the GEM of the Stock Exchange, the Company's Shareholders, Changan Industry Company, APLL, Minsheng Industrial and Ming Sung (HK), had all entered into non-competition undertakings with the Company in favor of the Company. Please further refer to the Prospectus issued by the Company on 16 February 2006 for such undertakings.

Pursuant to the non-competition undertakings given by each of Changan Industry Company (previously known as Changan Co.), and Minsheng Industrial and Ming Sung (HK), each of Changan Industry Company, and Minsheng Industrial and Ming Sung (HK) undertook and guaranteed to the Company, among other things, that so long as the shareholding interest in the Company held by Changan Industry Company and its associates (in the case the undertakings provided by Changan Industry Company) and by Minsheng Industrial and Ming Sung (HK) (in the case of the undertakings provided by Minsheng Industrial and Ming Sung (HK)) did not fall below 20% and the Company remained listed on the Stock Exchange,

1. each of them should not and should procure their associates not to, within China,
  - (a) whether individually or with other persons, directly or indirectly engage or participate in any form of businesses (including but not limited to investments, joint venture or cooperation) that constitute or may constitute competitions with the businesses that the Company were carrying on; and
  - (b) provide support in any form to persons other than the Company to engage in businesses that constitute or might constitute with the business that the Company were carrying on.
2. where direct or potential competition arose in the course of developing business between Changan Industry Company or, as the case may be, Minsheng Industrial or Ming Sung (HK) and the Company, they should give the Company the priority to choose except:
  - (a) the Company had expressly indicated to give up the business opportunity;
  - (b) the Company did not possess the ability to obtain the business opportunity independently;
  - (c) the Company's business contract may not be continued and was abandoned by the client; or
  - (d) the business opportunity fell outside the Company's scope of business.

3. Where the Company requested assistance from Changan Industry Company or, as the case may be, Minsheng Industrial or Ming Sung (HK), priority would be given to the Company under the same terms by utilizing its resources to support the Company in securing business.
4. Where the Company obtained the business independently, the Company should give the priority to cooperate with Changan Industry Company or, as the case may be, Minsheng Industrial or Ming Sung (HK) under the same terms.

Pursuant to the non-competition undertakings given by APLL, for so long as, among other things, APLL held not less than 20% of the total issued Shares in the Company and the Company remained listed on the Stock Exchange, APLL would not offer automotive logistics services which constituted the Company's Core Business (i.e. in-plant logistics, finished product logistics and after-market logistics services in respect of finished automotive manufacturing or assembly plants which were provided by the Company as of 15 January 2005 directly to the Company's customers in China) to the Company's then existing customers, who, as of 15 January 2005, were receiving automotive logistics services from the Company in China. APLL also agreed not to solicit the Company's business with Changan Group or the Company's other than existing customers as of 15 January 2005 unless those customers ceased to be the Company's customers.

Up to the Latest Practicable Date, the non-competition undertaking given by each of Changan Industry Company and APLL is still effective. As of the end of 2011, since the aggregate shareholding in the Company held by Minsheng Industrial and Ming Sung (HK) (together with their respective associates) fell below 20%, the non-competition undertaking signed between the Company and Minsheng Industrial and Ming Sung (HK) became ineffective. On 27 December 2023, the shareholding in the Company held by APLL fell to 19.99%, the non-competition undertakings signed between the Company and APLL Logistics became ineffective.

China Changan acquired all the shares in the Company held by Changan Industry Company on 9 March 2016. The obligations under the non-competition undertakings signed by Changan Industry Company were assumed by China Changan since 9 March 2016.

The Company received the confirmation in March 2024 regarding the above-mentioned non-competition undertakings from China Changan.

Save for the disclosure stated above, none of the director(s) or substantial shareholder(s) of the Company had any interest in any business that competes or may compete with the Group.

## **9. MISCELLANEOUS**

- a. Mr. Yuan Quan is the company secretary of the Company.
- b. The legal address of the Company is No.1881, Jinkai Road, Yubei District, Chongqing, the PRC. The H Share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- c. In the case of any discrepancy, the English text of this circular shall prevail over the Chinese text.

## 10. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular, the following contracts, not being contracts entered into the ordinary course of business, were entered into by the Group which are or may be material:

- (a) On 22 August 2024 (after trading hours), the Company and SIAMC entered into the share subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and SIAMC has conditionally agreed to subscribe for 40,000,000 new Domestic Shares (“**Subscription Share(s)**”) at the subscription price of RMB2.54648 (equivalent to HK\$2.78) per Subscription Share for a total consideration of RMB101,859,200 (equivalent to approximately HK\$111,200,000) in cash; and
- (b) On 26 September 2024 (after trading hours of the Stock Exchange), the Company and Shenyang Changyou Automobile Supply Chain Co., Ltd.\* (沈陽長友汽車供應鏈有限公司) (the “**Purchaser**”) entered into the equity transfer agreement, pursuant to which the Company agreed to dispose of and the Purchaser agreed to acquire 51% equity interest of Shenyang Changyou Supply Chain Co., Ltd.\* (沈陽長友供應鏈有限公司) at a total consideration of RMB47.90 million.

\* *For identification purposes only*

## 11. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the Stock Exchange’s website and the Company’s own website for a period of 14 days from the date of this circular:

- a) the Framework Agreements for the Non-Exempt Continuing Connected Transactions for 2024-2026;
- b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- c) the letter of advice from Quam Capital Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- d) the material contracts referred to in the section headed “10. MATERIAL CONTRACTS” in Appendix II; and
- e) the written consent referred to in the section headed “5. CONSENT OF EXPERT” in Appendix II.

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重慶長安民生物流股份有限公司

**Changan Minsheng APLL Logistics Co., Ltd. \***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 01292)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (“EGM”) of Changan Minsheng APLL Logistics Co., Ltd. (the “**Company**”) will be held at the Company’s Conference Room, No.1881, Jinkai Road, Yubei District, Chongqing, the People’s Republic of China on Tuesday, 18 February 2025 at 10:00 a.m., to consider and approve (if thought fit) the following resolutions:

### ORDINARY RESOLUTIONS

1. To consider and approve the proposed cap of RMB7,500,000,000 for the year ending 31 December 2025 in relation to the provision of logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) by the Company and its subsidiaries to Chongqing Changan Automobile Co., Ltd.\* 重慶長安汽車股份有限公司 (“**Changan Automobile**”) and its associates contemplated under the framework agreement entered into between the Company and Changan Automobile on 30 October 2023 and that the said framework agreement is hereby confirmed and ratified (note 6);
2. To consider and approve the proposed cap of RMB500,000,000 for the year ending 31 December 2025 in relation to the provision of logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) by the Company and its subsidiaries to China Changan Automobile Group Company Limited\* 中國長安汽車集團有限公司 (“**China Changan**”) and its associates contemplated under the framework agreement entered into between the Company and China Changan on 30 October 2023 and that the said framework agreement is hereby confirmed and ratified (note 6);

3. To consider and approve the proposed cap of RMB400,000,000 for the year ending 31 December 2025 in relation to the purchase of logistics services from Minsheng Industrial (Group) Co., Ltd.\* 民生實業（集團）有限公司 (“**Minsheng Industrial**”) and its associates by the Company and its subsidiaries contemplated under the framework agreement entered into between the Company and Minsheng Industrial on 30 October 2023 for the purpose of purchasing logistics services from Minsheng Industrial and its associates and that the said framework agreement is hereby confirmed and ratified (note 6); and
4. To consider and approve proposed maximum daily balance on the deposits (i.e. RMB240,000,000) for the year ending 31 December 2025 in relation to the provision of deposit services by China South Industries Group Finance Co., Ltd. (formerly Binqi Zhuangbei Group Financial Limited Liability Company)\* 兵器裝備集團財務有限責任公司 (“**Zhuangbei Finance**”) to the Company and its subsidiaries contemplated under the framework agreement entered into between the Company and Zhuangbei Finance on 30 October 2023 and that the said framework agreement is hereby confirmed and ratified (note 6).

*By Order of the Board*  
**Changan Minsheng APLL Logistics Co., Ltd.**  
**Xie Shikang**  
*Chairman*

Chongqing, the PRC  
23 January 2025

**Notes:**

(1) In order to determine the shareholders of H shares who will be entitled to attend the EGM, the Company will suspend registration of transfer of shares from Thursday, 13 February 2025 to Tuesday, 18 February 2025, both days inclusive. In order to qualify to attend the EGM and to vote thereat, non-registered holders of H shares of the Company whose transfer documents have not been registered must deposit the transfer documents accompanied by relevant share certificates with the Company's H share registrar's transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, 12 February 2025. Holders of H shares whose names are recorded in the register of members of the Company on Tuesday, 18 February 2025 are entitled to attend and vote at the EGM.

(2) A shareholder who has the right to attend and vote at the EGM is entitled to appoint a proxy or proxies (whether or not a Shareholder of the Company) in writing to attend and vote on his behalf. In the event more than one proxy is appointed, the instruments of appointment should indicate the class and number of Shares the proxies are representing.

The instrument appointing a proxy must be made in writing under the hand of the appointor or his attorney duly notarized in writing. If the appointor is a legal person, the relevant instrument must bear the chop of the legal person, or submitted in person by a director or duly authorised person.

The instrument of appointment must be delivered to the Company's H share registrar Computershare Hong Kong Investor Services Limited (in respect of H shares) or the office of the board of directors of the Company (in respect of domestic Shares, including non-H foreign Shares) 24 hours before the commencement of the EGM (i.e. before 10:00 a.m. on Monday, 17 February 2025).

(3) Shareholders and their proxies should show their documents of identity when attending the EGM.

(4) After the completion and delivery of the form of proxy, a shareholder may still attend and vote at the EGM.

(5) Shareholders attending the EGM will be responsible for their own travelling and accommodation expenses.

(6) For details, please refer to the announcement of the Company dated 2 December 2024 and the circular of the Company dated 23 January 2025.

(7) Time and dates in this notice are Hong Kong time and dates.

*As at the date of this notice, the board of directors of the Company comprises: (1) Mr. Xie Shikang and Mr. Wan Nianyong as executive directors; (2) Mr. Che Dexi, Mr. Chen Wenbo and Mr. Dong Shaojie as non-executive directors; (3) Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing as independent non-executive directors.*

*\* For identification purposes only*